

SEMIANNUAL REPORT

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST

June 30, 2022



FRANKLIN
TEMPLETON

Franklin Templeton Variable Insurance Products Trust Semiannual Report

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Not FDIC Insured	May Lose Value	No Bank Guarantee
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Important Notes to Performance Information

Performance data is historical and cannot predict or guarantee future results. Principal value and investment return will fluctuate with market conditions, and you may have a gain or loss when you withdraw your money. Inception dates of the funds may have preceded the effective dates of the subaccounts, contracts or their availability in all states.

When reviewing the index comparisons, please keep in mind that indexes have a number of inherent performance differentials over the funds. First, unlike the funds, which must hold a minimum amount of cash to maintain liquidity, indexes do not have a cash component. Second, the funds are actively managed and, thus, are subject to management fees to cover salaries of securities analysts or portfolio managers in addition to other expenses. Indexes are unmanaged and do not include any commissions or other expenses typically associated with investing in securities. Third, indexes often contain a different mix of securities than the fund to which they are compared. Additionally, please remember that indexes are simply a measure of performance and cannot be invested in directly.

Templeton Global Bond VIP Fund

This semiannual report for Templeton Global Bond VIP Fund covers the period ended June 30, 2022.

Class 2 Performance Summary as of June 30, 2022

The Fund's Class 2 Shares posted a -5.86% total return* for the six-month period ended June 30, 2022.

*The Fund has a fee waiver associated with any investment it makes in a Franklin Templeton money fund and/or other Franklin Templeton fund, contractually guaranteed through 4/30/23. Fund investment results reflect the fee waiver; without this waiver, the results would have been lower.

*Performance reflects the Fund's Class 2 operating expenses, but does **not** include any contract fees, expenses or sales charges. If they had been included, performance would be lower. These charges and deductions, particularly for variable life policies, can have a significant effect on contract values and insurance benefits. See the contract prospectus for a complete description of these expenses, including sales charges.*

Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown.

Templeton Global Bond VIP Fund

Fund Goal and Main Investments

The Fund seeks high current income, consistent with preservation of capital. Capital appreciation is a secondary consideration. Under normal market conditions, the Fund invests at least 80% of its net assets in bonds, which include debt securities of any maturity, such as bonds, notes, bills and debentures.

Fund Risks

All investments involve risks, including possible loss of principal. Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance. Foreign securities involve special risks, including currency fluctuations and economic and political uncertainties. Currency rates may fluctuate significantly over short periods of time, and can reduce returns. Sovereign debt securities are subject to various risks in addition to those relating to debt securities and foreign securities generally, including, but not limited to, the risk that a governmental entity may be unwilling or unable to pay interest and repay principal on its sovereign debt, or otherwise meet its obligations when due. Adverse conditions in a certain region or country can adversely affect securities of issuers in other countries whose economies appear to be unrelated. Investments in developing markets involve heightened risks related to the same factors, in addition to those associated with these markets' smaller size, lesser liquidity and lack of established legal, political, business and social frameworks to support securities market. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

Russia's military invasion of Ukraine in February 2022, the resulting responses by the United States and other countries, and the potential for wider conflict could increase volatility and uncertainty in the financial markets and adversely affect regional and global economies. The United States and other countries have imposed broad-ranging economic sanctions on Russia and certain Russian individuals, banking entities and corporations as a response to its invasion of Ukraine. The United States and other countries have also imposed economic sanctions on Belarus and may impose sanctions on other countries that support Russia's military invasion. These sanctions, as well as any other economic consequences related to the invasion, such as additional sanctions, boycotts or changes in consumer

or purchaser preferences or cyberattacks on governments, companies or individuals, may further decrease the value and liquidity of certain Russian securities and securities of issuers in other countries that are subject to economic sanctions related to the invasion.

Performance Overview

You can find the Fund's six-month total return in the Performance Summary. For comparison, the J.P. Morgan Global Government Bond Index posted a -14.14% total return, and the FTSE World Government Bond Index posted a -14.79% total return for the same period.¹

Economic and Market Overview

The six-month period ended June 30, 2022, was characterized by challenges to the global economy in the form of the lingering economic impact of COVID-19, the start of Russia's war on Ukraine, commodity-price inflation, rising global interest rates, weakening global gross domestic product growth, and supply chain disruptions. Risk assets faced strong headwinds resulting from tighter financial conditions.

Geographic Composition

6/30/22

	% of Total Net Assets
Asia	34.7%
North America	22.1%
Latin America & Caribbean	10.6%
Europe	5.3%
Middle East & Africa	1.2%
Other	0.5%
Short-Term Investments & Other Net Assets	25.6%

Sovereign bond yields rose across most of the world as many major central banks embarked on policy rate hikes to curb inflation. Inflation reached multi-decade highs during the period, with added supply-side pressures coming from disruptions to the flow of energy, food, commodities and goods due to the war in Ukraine and the West's economic isolation of Russia. Supply chain disruptions were compounded by China's implementation of its zero-COVID policy.

Simultaneously, global economic growth was projected to decelerate, driven by the disruption of economic activity and trade following Russia's invasion of Ukraine, including

1. Source: Morningstar. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio. Please see Index Descriptions following the Fund Summaries.

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Schedule of Investments (SOI).

a reduction in Russia's exports of natural gas to Germany, the economic strains of refugee flight in Europe, volatile and elevated commodity prices, continued supply chain disruptions, the effect of COVID-19-related lockdowns in China, and the reduction of policy support post-COVID-19. The combination of above-average inflation and below-average growth raised the spectre of stagflation reminiscent of the 1970s and created a policy dilemma for many central bankers.

Over the period, developed market sovereign bond yields trended higher concurrently with falling equity prices and strength in the U.S. dollar. On the monetary front, the first half of 2022 marked the end of pandemic-era monetary accommodation by the U.S. Federal Reserve.

Investment Strategy

We invest selectively in bonds around the world based upon our assessment of changing market, political and economic conditions. While seeking opportunities, we monitor various factors including changes in interest rates, currency exchange rates and credit risks. We seek to manage the Fund's exposure to various currencies and regularly enter into various currency-related derivative instruments, such as currency and cross-currency forwards, currency and currency index futures contracts and currency options.

Manager's Discussion

In bonds, we continued to maintain low portfolio duration, while aiming at a high overall portfolio yield by holding compelling risk-adjusted yields in various local-currency bond markets, specifically in countries with resilient economies and strong trade dynamics. We were significantly underweight developed market duration in the U.S. and the euro area, with a preference for the higher yields available in select emerging market local-currency bonds, notably Indonesia, India, Thailand, Brazil, Colombia, and Mexico.

At the beginning of the period, the Fund was overweight in specific currencies against the U.S. dollar (USD) and the euro. In Asia, we held notable exposures to the South Korean won, the Chinese yuan, the Indonesian rupiah, the Indian rupee and the Singapore dollar, while holding an underweight in the Japanese yen. We closed our exposure to the Japanese yen in March 2022, thereby going further underweight, primarily due to expected depreciation pressures on the currency from widening rate differentials with the U.S. In April, we exited our underweight position in the Australian dollar which had been used to hedge against emerging market beta risks, as we anticipated rising commodity prices to boost Australia's terms of trade and

support its currency. In EMEA (Europe, Middle East and Africa), the Fund held overweight positions in the Norwegian krone, the Swedish krona and the British pound against the euro. We added a position in the British pound against the euro in April due to expected monetary policy divergences between the Bank of England and the European Central Bank. In the Americas, we held long exposures to the Brazilian real, Colombian peso and Chilean peso against the USD, and long exposure to the Canadian dollar against the euro. During the period, we used currency forwards and currency options to actively manage currency exposures.

During the period, the Fund's negative absolute performance was primarily due to currency positions, followed by interest-rate strategies. Sovereign credit exposures had a largely neutral effect on absolute results. Among currencies, positions in the South Korean won, Ghanaian cedi, Argentine peso, Indonesian rupiah and Chinese yuan detracted from absolute performance, while the Fund's position in the Brazilian real contributed. The Fund maintained a defensive approach regarding interest rates in developed markets, while holding duration exposures in select emerging markets. Exposure to short- to intermediate-term U.S. Treasuries detracted from absolute results, as did duration exposure in Ghana. However, duration exposure in Argentina contributed to absolute performance.

On a relative basis, the Fund's performance fared better than that of its benchmark index primarily due to interest-rate strategies, followed by currency positions. Sovereign credit exposures had a largely neutral effect on relative results. Its lack of duration exposure in the euro area contributed to relative performance, as did underweighted duration exposures in the U.S., the U.K. and Japan. Overweighted duration exposure in Argentina also contributed to relative results, while duration exposure in Ghana detracted. Among currencies, the Fund's underweighted exposure to the euro contributed to relative performance, as did its underweighted position in the Japanese yen and its overweighted position in the Brazilian real. However, overweighted positions in the South Korean won, Ghanaian cedi, Argentine peso and Indonesian rupiah detracted from relative results.

Thank you for your participation in Templeton Global Bond VIP Fund. We look forward to serving your future investment needs.

The foregoing information reflects our analysis, opinions and portfolio holdings as of June 30, 2022, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.

Class 2 Fund Expenses

As an investor in a variable insurance contract (Contract) that indirectly provides for investment in an underlying mutual fund, you can incur transaction and/or ongoing expenses at both the Fund level and the Contract Level: (1) transaction expenses can include sales charges (loads) on purchases, surrender fees, transfer fees and premium taxes; and (2) ongoing expenses can include management fees, distribution and service (12b-1) fees, contract fees, annual maintenance fees, mortality and expense risk fees and other fees and expenses. All mutual funds and Contracts have some types of ongoing expenses. The table below shows Fund-level ongoing expenses and can help you understand these costs and compare them with those of other mutual funds offered through the Contract. The table assumes a \$1,000 investment held for the six months indicated. Please refer to the Fund prospectus for additional information on operating expenses.

Actual Fund Expenses

The table below provides information about the actual account values and actual expenses in the columns under the heading "Actual." In these columns the Fund's actual return, which includes the effect of ongoing Fund expenses but does not include the effect of ongoing Contract expenses, is used to calculate the "Ending Account Value." You can estimate the Fund-level expenses you paid during the period by following these steps (*of course, your account value and expenses will differ from those in this illustration*): Divide your account value by \$1,000 (*if your account had an \$8,600 value, then $\$8,600 \div \$1,000 = 8.6$*). Then multiply the result by the number under the headings "Actual" and "Fund-Level Expenses Paid During Period" (*if Fund-Level Expenses Paid During Period were \$7.50, then $8.6 \times \$7.50 = \64.50*). In this illustration, the estimated expenses paid this period at the Fund level are \$64.50.

Hypothetical Example for Comparison with Other Mutual Funds

Under the heading "Hypothetical" in the table, information is provided about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. This information may not be used to estimate the actual ending account balance or expenses you paid for the period, but it can help you compare ongoing costs of investing in the Fund with those of other mutual funds offered through the Contract. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds offered through the Contract.

Please note that expenses shown in the table are meant to highlight ongoing costs at the Fund level only and do not reflect any ongoing expenses at the Contract level, or transaction expenses at either the Fund or Contract levels. In addition, while the Fund does not have transaction expenses, if the transaction and ongoing expenses at the Contract level were included, the expenses shown below would be higher. You should consult your Contract prospectus or disclosure document for more information.

Share Class	Beginning Account Value 1/1/22	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio ²
		Ending Account Value 6/30/22	Fund-Level Expenses Paid During Period 1/1/22–6/30/22 ^{1,2}	Ending Account Value 6/30/22	Fund-Level Expenses Paid During Period 1/1/22–6/30/22 ^{1,2}	
2	\$1,000	\$941.40	\$3.56	\$1,021.13	\$3.71	0.74%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 181/365 to reflect the one-half year period.

2. Reflects expenses after fee waivers and expense reimbursements. Does not include any ongoing expenses of the Contract for which the Fund is an investment option or acquired fund fees and expenses.

Financial Highlights

Templeton Global Bond VIP Fund

	Six Months Ended June 30, 2022 (unaudited)	Year Ended December 31,				
		2021	2020	2019	2018	2017
Class 1						
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	\$13.82	\$14.49	\$16.63	\$17.54	\$17.17	\$16.85
Income from investment operations ^a :						
Net investment income ^b	0.25	0.48	0.52	0.89	0.88	0.83
Net realized and unrealized gains (losses)	(1.06)	(1.15)	(1.31)	(0.54)	(0.51)	(0.46)
Total from investment operations	(0.81)	(0.67)	(0.79)	0.35	0.37	0.37
Less distributions from:						
Net investment income and net foreign currency gains	—	—	(1.35)	(1.26)	—	—
Net realized gains	—	—	—	—	—	(0.05)
Tax return of capital	—	—	(—) ^c	—	—	—
Total distributions	—	—	(1.35)	(1.26)	—	(0.05)
Net asset value, end of period	\$13.01	\$13.82	\$14.49	\$16.63	\$17.54	\$17.17
Total return ^d	(5.86)%	(4.62)%	(4.73)%	1.89%	2.15%	2.15%
Ratios to average net assets^e						
Expenses before waiver and payments by affiliates and expense reduction	0.51%	0.51%	0.51%	0.53%	0.56%	0.53%
Expenses net of waiver and payments by affiliates	0.49%	0.50%	0.46%	0.44%	0.47%	0.46%
Expenses net of waiver and payments by affiliates and expense reduction	0.49% ^f	0.50% ^f	0.45%	0.42%	0.45%	0.46% ^f
Net investment income	3.71%	3.42%	3.43%	5.22%	5.09%	4.81%
Supplemental data						
Net assets, end of period (000's)	\$164,772	\$204,318	\$224,704	\$322,794	\$285,046	\$286,502
Portfolio turnover rate	10.26%	27.65%	52.84%	22.58%	18.22%	37.97%

^aThe amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned, adjustments to interest income for the inflation-indexed bonds, and/or fluctuating fair value of the investments of the Fund.

^bBased on average daily shares outstanding.

^cAmount rounds to less than \$0.01 per share.

^dTotal return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.

^eRatios are annualized for periods less than one year.

^fBenefit of expense reduction rounds to less than 0.01%.

Templeton Global Bond VIP Fund (continued)

	Six Months Ended June 30, 2022 (unaudited)	Year Ended December 31,				
		2021	2020	2019	2018	2017
Class 2						
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	\$13.13	\$13.82	\$15.91	\$16.83	\$16.51	\$16.25
Income from investment operations ^a :						
Net investment income ^b	0.22	0.43	0.46	0.82	0.81	0.76
Net realized and unrealized gains (losses)	(0.99)	(1.12)	(1.24)	(0.53)	(0.49)	(0.45)
Total from investment operations	(0.77)	(0.69)	(0.78)	0.29	0.32	0.31
Less distributions from:						
Net investment income and net foreign currency gains	—	—	(1.31)	(1.21)	—	—
Net realized gains	—	—	—	—	—	(0.05)
Tax return of capital	—	—	(—) ^c	—	—	—
Total distributions	—	—	(1.31)	(1.21)	—	(0.05)
Net asset value, end of period	\$12.36	\$13.13	\$13.82	\$15.91	\$16.83	\$16.51
Total return ^d	(5.86)%	(4.99)%	(4.92)%	1.63%	1.94%	1.93%
Ratios to average net assets^e						
Expenses before waiver and payments by affiliates and expense reduction	0.76%	0.76%	0.75%	0.78%	0.81%	0.78%
Expenses net of waiver and payments by affiliates	0.74%	0.75%	0.71%	0.69%	0.72%	0.71%
Expenses net of waiver and payments by affiliates and expense reduction	0.74% ^f	0.75% ^f	0.70%	0.67%	0.70%	0.71% ^f
Net investment income	3.47%	3.17%	3.16%	4.97%	4.84%	4.56%
Supplemental data						
Net assets, end of period (000's)	\$1,590,520	\$1,859,619	\$2,022,487	\$2,389,610	\$2,544,900	\$2,730,081
Portfolio turnover rate	10.26%	27.65%	52.84%	22.58%	18.22%	37.97%

^aThe amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned, adjustments to interest income for the inflation-indexed bonds, and/or fluctuating fair value of the investments of the Fund.

^bBased on average daily shares outstanding.

^cAmount rounds to less than \$0.01 per share.

^dTotal return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.

^eRatios are annualized for periods less than one year.

^fBenefit of expense reduction rounds to less than 0.01%.

Templeton Global Bond VIP Fund (continued)

	Six Months Ended June 30, 2022 (unaudited)	Year Ended December 31,				
		2021	2020	2019	2018	2017
Class 4						
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	\$13.46	\$14.17	\$16.27	\$17.19	\$16.88	\$16.62
Income from investment operations ^a :						
Net investment income ^b	0.22	0.42	0.46	0.82	0.81	0.76
Net realized and unrealized gains (losses)	(1.03)	(1.13)	(1.27)	(0.55)	(0.50)	(0.45)
Total from investment operations	(0.81)	(0.71)	(0.81)	0.27	0.31	0.31
Less distributions from:						
Net investment income and net foreign currency gains	—	—	(1.29)	(1.19)	—	—
Net realized gains	—	—	—	—	—	(0.05)
Tax return of capital	—	—	(—) ^c	—	—	—
Total distributions	—	—	(1.29)	(1.19)	—	(0.05)
Net asset value, end of period	\$12.65	\$13.46	\$14.17	\$16.27	\$17.19	\$16.88
Total return ^d	(6.02)%	(5.01)%	(5.00)%	1.48%	1.84%	1.76%
Ratios to average net assets^e						
Expenses before waiver and payments by affiliates and expense reduction	0.86%	0.86%	0.85%	0.88%	0.91%	0.88%
Expenses net of waiver and payments by affiliates	0.84%	0.85%	0.81%	0.79%	0.82%	0.81%
Expenses net of waiver and payments by affiliates and expense reduction	0.84% ^f	0.85% ^f	0.80%	0.77%	0.80%	0.81% ^f
Net investment income	3.36%	3.07%	3.06%	4.87%	4.74%	4.46%
Supplemental data						
Net assets, end of period (000's)	\$60,327	\$71,454	\$76,771	\$90,272	\$94,312	\$98,934
Portfolio turnover rate	10.26%	27.65%	52.84%	22.58%	18.22%	37.97%

^aThe amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned, adjustments to interest income for the inflation-indexed bonds, and/or fluctuating fair value of the investments of the Fund.

^bBased on average daily shares outstanding.

^cAmount rounds to less than \$0.01 per share.

^dTotal return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.

^eRatios are annualized for periods less than one year.

^fBenefit of expense reduction rounds to less than 0.01%.

Schedule of Investments (unaudited), June 30, 2022

Templeton Global Bond VIP Fund

	Principal Amount ^a	Value
Foreign Government and Agency Securities 52.2%		
Argentina 1.4%		
^a Argentina BONCER,		
Index Linked, 1.3%, 9/20/22	883,635,492 ARS	\$3,464,372
Index Linked, 1.4%, 3/25/23	2,812,254,552 ARS	10,516,315
Index Linked, 1.45%, 8/13/23	167,411,389 ARS	587,962
Index Linked, 1.5%, 3/25/24	2,403,289,005 ARS	7,546,424
Argentina Government Bond,		
16%, 10/17/23	884,455,900 ARS	2,069,955
15.5%, 10/17/26	1,668,306,000 ARS	1,951,953
		<u>26,136,981</u>
Brazil 1.7%		
Brazil Notas do Tesouro Nacional, 10%,		
1/01/27	179,710,000 BRL	31,269,898
Colombia 5.2%		
Colombia Government Bond,		
Senior Bond, 4.375%, 3/21/23	362,000,000 COP	83,345
Senior Bond, 9.85%, 6/28/27	576,000,000 COP	136,746
Colombia Titulos de Tesoreria,		
B, 10%, 7/24/24	69,543,000,000 COP	16,725,705
B, 6.25%, 11/26/25	82,468,000,000 COP	17,456,298
B, 7.5%, 8/26/26	145,296,600,000 COP	31,280,308
B, 5.75%, 11/03/27	55,276,000,000 COP	10,546,539
B, 6%, 4/28/28	46,343,600,000 COP	8,779,021
B, 7.75%, 9/18/30	33,189,000,000 COP	6,501,088
B, 7%, 6/30/32	20,672,000,000 COP	3,696,432
		<u>95,205,482</u>
Ghana 1.2%		
Ghana Government Bond,		
18.25%, 7/25/22	80,000 GHS	9,979
17.6%, 11/28/22	520,000 GHS	63,038
20.75%, 1/16/23	120,000 GHS	14,599
16.5%, 2/06/23	7,930,000 GHS	938,987
19%, 9/18/23	150,000 GHS	17,053
18.85%, 9/28/23	21,190,000 GHS	2,399,656
19.25%, 11/27/23	1,350,000 GHS	151,661
19.25%, 12/18/23	110,000 GHS	12,309
19.75%, 3/25/24	26,840,000 GHS	2,958,058
19%, 11/02/26	80,510,000 GHS	7,355,559
19.75%, 3/15/32	80,510,000 GHS	6,497,335
Senior Note, 18.5%, 1/02/23	70,000 GHS	8,455
Senior Note, 17.6%, 2/20/23	3,310,000 GHS	392,707
Senior Note, 17.25%, 7/31/23	210,000 GHS	23,754
Senior Note, 17.7%, 3/18/24	1,080,000 GHS	115,700
Senior Note, 18.3%, 3/02/26	690,000 GHS	64,268
		<u>21,023,118</u>
India 4.9%		
India Government Bond,		
6.84%, 12/19/22	98,000,000 INR	1,247,385
7.16%, 5/20/23	133,700,000 INR	1,706,237
8.83%, 11/25/23	1,468,100,000 INR	19,139,269
8.2%, 9/24/25	297,100,000 INR	3,883,010
7.59%, 1/11/26	1,629,000,000 INR	20,925,152
7.27%, 4/08/26	214,000,000 INR	2,719,818

Templeton Global Bond VIP Fund (continued)

	Principal Amount*		Value
Foreign Government and Agency Securities (continued)			
India (continued)			
India Government Bond, (continued)			
Senior Bond, 5.77%, 8/03/30	526,000,000	INR	\$6,014,208
Senior Note, 5.22%, 6/15/25	313,000,000	INR	3,785,130
Senior Note, 5.15%, 11/09/25	2,459,900,000	INR	29,404,904
			88,825,113
Indonesia 10.2%			
Indonesia Government Bond,			
FR40, 11%, 9/15/25	46,856,000,000	IDR	3,591,156
FR43, 10.25%, 7/15/22	147,832,000,000	IDR	9,951,061
FR46, 9.5%, 7/15/23	226,780,000,000	IDR	15,987,476
FR63, 5.625%, 5/15/23	289,067,000,000	IDR	19,660,340
FR81, 6.5%, 6/15/25	599,166,000,000	IDR	41,285,041
FR86, 5.5%, 4/15/26	1,421,313,000,000	IDR	93,736,534
			184,211,608
Mexico 2.2%			
Mexican Bonos Desarr Fixed Rate, M,			
Senior Bond, 8%, 12/07/23	812,130,000	MXN	39,615,415
Norway 4.0%			
^b Norway Government Bond,			
Senior Bond, 144A, Reg S, 2%, 5/24/23	315,007,000	NOK	31,883,089
Senior Bond, 144A, Reg S, 3%, 3/14/24	265,052,000	NOK	27,001,831
Senior Bond, 144A, Reg S, 1.75%, 3/13/25	89,312,000	NOK	8,787,455
Senior Bond, 144A, Reg S, 1.5%, 2/19/26	52,969,000	NOK	5,106,917
			72,779,292
South Korea 16.9%			
Korea Monetary Stabilization Bond,			
Senior Note, 0.87%, 2/02/23	59,850,000,000	KRW	46,042,805
Senior Note, 0.905%, 4/02/23	61,390,000,000	KRW	47,061,650
Korea Treasury Bond,			
1.25%, 12/10/22	6,435,000,000	KRW	4,971,715
3%, 3/10/23	3,919,000,000	KRW	3,048,918
2.25%, 9/10/23	88,312,000,000	KRW	67,806,352
0.875%, 12/10/23	22,287,000,000	KRW	16,711,581
1.875%, 3/10/24	33,811,000,000	KRW	25,598,244
1.375%, 9/10/24	75,881,910,000	KRW	56,226,024
3%, 9/10/24	18,500,000,000	KRW	14,195,167
Senior Note, 1.75%, 9/10/26	34,133,000,000	KRW	24,754,040
			306,416,496
Supranational 0.5%			
^c Inter-American Development Bank,			
Senior Bond, 7.5%, 12/05/24	200,000,000	MXN	9,395,934
Thailand 2.7%			
Thailand Government Bond,			
0.75%, 9/17/24	745,020,000	THB	20,623,097
1%, 6/17/27	570,140,000	THB	15,057,352

Templeton Global Bond VIP Fund (continued)

	Principal Amount*	Value
Foreign Government and Agency Securities (continued)		
Thailand (continued)		
Thailand Government Bond, (continued)		
Senior Note, 0.66%, 11/22/23	481,230,000 THB	\$13,496,990
		<u>49,177,439</u>
United Kingdom 1.3%		
^b United Kingdom Gilt, Reg S, 0.125%, 1/31/23	19,732,000 GBP	23,812,244
		<u>947,869,020</u>
Total Foreign Government and Agency Securities (Cost \$1,249,146,365)		
U.S. Government and Agency Securities 22.1%		
United States 22.1%		
U.S. Treasury Notes,		
1.5%, 10/31/24	49,660,000	47,989,795
1.5%, 11/30/24	50,420,000	48,649,391
1.75%, 12/31/24	22,672,000	21,976,342
2%, 2/15/25	49,140,000	47,890,385
2.125%, 5/15/25	58,760,000	57,334,611
2.875%, 5/31/25	76,680,000	76,368,487
2.625%, 12/31/25	44,803,000	44,182,583
1.625%, 2/15/26	24,220,000	23,026,976
2.125%, 5/31/26	11,063,000	10,690,272
1.625%, 10/31/26	24,220,000	22,816,943
		<u>400,925,785</u>
		<u>400,925,785</u>
Total U.S. Government and Agency Securities (Cost \$421,311,328)		
Total Long Term Investments (Cost \$1,670,457,693)		
	1,348,794,805	

	Number of Contracts	Notional Amount#	
Options Purchased 0.1%			
Calls - Over-the-Counter			
Currency Options			
Foreign Exchange USD/MXN, Counterparty CITI, September Strike Price 21.67 MXN, Expires 9/27/22			
1	24,314,000		214,469
Foreign Exchange USD/MXN, Counterparty MSCO, August Strike Price 29.19 MXN, Expires 8/29/24			
1	20,304,000		452,932
Foreign Exchange USD/MXN, Counterparty MSCO, August Strike Price 29.71 MXN, Expires 8/09/24			
1	20,304,000		398,906
			<u>1,066,307</u>
Puts - Over-the-Counter			
Currency Options			
Foreign Exchange USD/MXN, Counterparty CITI, July Strike Price 19.19 MXN, Expires 7/21/22			
1	43,075,000		13,211
Foreign Exchange USD/MXN, Counterparty MSCO, August Strike Price 19.41 MXN, Expires 8/11/22			
1	9,700,000		20,810

Templeton Global Bond VIP Fund (continued)

	Number of Contracts	Notional Amount [#]	Value
Options Purchased (continued)			
Puts - Over-the-Counter (continued)			
Currency Options (continued)			
Foreign Exchange USD/MXN, Counterparty CITI, July Strike Price 19.88 MXN, Expires 7/21/22.			
	1	43,075,000	\$188,122
			<u>222,143</u>
Total Options Purchased (Cost \$4,806,303)			<u>1,288,450</u>
 Short Term Investments 23.8%			
		Principal Amount [*]	Value
Foreign Government and Agency Securities 14.8%			
Brazil 7.4%			
^d Brazil Letras do Tesouro Nacional,			
1/01/24		71,110,000 BRL	11,239,389
7/01/24		308,450,000 BRL	46,053,281
1/01/25		539,800,000 BRL	76,283,409
			<u>133,576,079</u>
 Singapore 4.5%			
^d Singapore Treasury Bills,			
8/12/22		6,460,000 SGD	4,638,823
8/19/22		62,840,000 SGD	45,105,751
1/24/23		45,410,000 SGD	32,279,631
			<u>82,024,205</u>
 United Kingdom 2.9%			
^d United Kingdom Treasury Bills,			
7/11/22		12,350,000 GBP	15,026,475
7/25/22		6,300,000 GBP	7,662,272
8/01/22		10,040,000 GBP	12,208,552
10/24/22		15,249,000 GBP	18,469,165
			<u>53,366,464</u>
Total Foreign Government and Agency Securities (Cost \$286,062,157)			<u>268,966,748</u>
		<u>Shares</u>	
Money Market Funds 9.0%			
United States 9.0%			
^e Institutional Fiduciary Trust - Money Market Portfolio, 0.895%			
		163,878,104	163,878,104
Total Money Market Funds (Cost \$163,878,104)			<u>163,878,104</u>
Total Short Term Investments (Cost \$449,940,261)			<u>432,844,852</u>
Total Investments (Cost \$2,125,204,257) 98.2%			<u>\$1,782,928,107</u>
Options Written (0.0)%[†]			<u>(418,423)</u>
Other Assets, less Liabilities 1.8%			<u>33,109,542</u>
Net Assets 100.0%			<u>\$1,815,619,226</u>

Templeton Global Bond VIP Fund (continued)

	Number of Contracts	Notional Amount [#]	Value
^gOptions Written (0.0)%[†]			
Calls - Over-the-Counter			
Currency Options			
Foreign Exchange USD/MXN, Counterparty MSCO, August Strike Price 22.06 MXN, Expires 8/11/22 . . .	1	9,700,000	\$(20,863)
Foreign Exchange USD/MXN, Counterparty CITI, September Strike Price 23.09 MXN, Expires 9/27/22 . . .	1	12,157,000	(39,761)
			<u>(60,624)</u>
Puts - Over-the-Counter			
Currency Options			
Foreign Exchange USD/MXN, Counterparty CITI, July Strike Price 19.60 MXN, Expires 7/21/22.	1	86,150,000	(129,744)
Foreign Exchange USD/MXN, Counterparty MSCO, August Strike Price 20.50 MXN, Expires 8/11/22 . . .	1	9,700,000	(228,055)
			<u>(357,799)</u>
Total Options Written (Premiums received \$1,331,330)			<u>\$(418,423)</u>

[#]Notional amount is the number of units specified in the contract, and can include currency units, bushels, shares, pounds, barrels or other units. Currency units are stated in U.S. dollars unless otherwise indicated.

[†]The principal amount is stated in U.S. dollars unless otherwise indicated.

[‡]Rounds to less than 0.1% of net assets.

[§]Redemption price at maturity is adjusted for inflation. See Note 1(g).

^{||}Security was purchased pursuant to Rule 144A or Regulation S under the Securities Act of 1933. 144A securities may be sold in transactions exempt from registration only to qualified institutional buyers or in a public offering registered under the Securities Act of 1933. Regulation S securities cannot be sold in the United States without either an effective registration statement filed pursuant to the Securities Act of 1933, or pursuant to an exemption from registration. At June 30, 2022, the aggregate value of these securities was \$96,591,536, representing 5.3% of net assets.

[¶]A supranational organization is an entity formed by two or more central governments through international treaties.

[Ⓜ]The security was issued on a discount basis with no stated coupon rate.

[Ⓝ]See Note 3(e) regarding investments in affiliated management investment companies.

[Ⓞ]The rate shown is the annualized seven-day effective yield at period end.

[Ⓟ]See Note 1(c) regarding written options.

Templeton Global Bond VIP Fund (continued)

At June 30, 2022, the Fund had the following forward exchange contracts outstanding. See Note 1(c).

Forward Exchange Contracts

Currency	Counter-party ^a	Type	Quantity	Contract Amount*	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
OTC Forward Exchange Contracts							
Euro	DBAB	Sell	8,395,076	86,680,000 SEK	7/06/22	\$—	\$(324,591)
Swedish Krona	DBAB	Sell	86,680,000	8,084,840 EUR	7/06/22	—	(527)
Indian Rupee	HSBK	Buy	241,380,400	3,150,687	7/11/22	—	(95,687)
Chinese Yuan	CITI	Buy	125,329,450	19,446,600	7/12/22	—	(721,824)
Chinese Yuan	HSBK	Buy	135,702,480	21,108,853	7/18/22	—	(835,965)
Euro	DBAB	Sell	10,346,782	104,016,200 SEK	7/19/22	—	(680,227)
Euro	JPHQ	Sell	20,129,401	198,445,700 NOK	7/19/22	—	(959,801)
Norwegian Krone	JPHQ	Sell	152,000,000	15,306,765 EUR	7/19/22	618,313	—
Japanese Yen	CITI	Buy	1,948,164,000	17,208,988	7/20/22	—	(2,839,848)
Japanese Yen	CITI	Sell	1,948,164,000	17,103,576	7/20/22	2,734,436	—
South Korean Won	CITI	Buy	8,470,100,000	6,909,009	7/21/22	—	(335,797)
South Korean Won	JPHQ	Buy	8,365,800,000	7,007,120	7/21/22	—	(514,849)
Singapore Dollar	CITI	Buy	4,670,000	3,426,328	7/25/22	—	(64,907)
Indian Rupee	JPHQ	Buy	205,330,400	2,696,394	7/27/22	—	(101,745)
Chilean Peso	GSCO	Buy	4,492,370,670	5,211,265	7/29/22	—	(338,871)
Euro	BOFA	Buy	1,336,000	1,462,025	7/29/22	—	(59,749)
Euro	BOFA	Sell	1,336,000	1,522,373	7/29/22	120,097	—
Chilean Peso	JPHQ	Buy	5,487,100,000	6,574,133	8/02/22	—	(627,571)
Euro	BOFA	Sell	6,176,410	8,949,000 CAD	8/02/22	467,203	—
Euro	CITI	Sell	4,910,333	7,054,790 CAD	8/03/22	324,621	—
Euro	HSBK	Sell	63,400,540	91,488,460 CAD	8/03/22	4,501,683	—
Euro	MSCO	Buy	2,320,000	2,538,245	8/04/22	—	(102,164)
Euro	MSCO	Sell	30,744,500	34,985,089	8/04/22	2,702,289	—
Australian Dollar	CITI	Buy	2,393,000	1,768,283	8/08/22	—	(116,065)
Australian Dollar	CITI	Sell	2,393,000	1,712,718	8/08/22	60,500	—
Chilean Peso	GSCO	Buy	3,439,478,985	4,098,033	8/08/22	—	(375,454)
Chilean Peso	JPHQ	Buy	6,390,810,000	7,746,906	8/08/22	—	(830,075)
Chinese Yuan	JPHQ	Buy	188,842,190	28,015,220	8/11/22	188,705	—
Chilean Peso	GSCO	Buy	2,147,030,000	2,452,263	8/16/22	—	(132,792)
Euro	DBAB	Sell	54,061,989	567,099,454 SEK	8/17/22	—	(1,297,719)
Euro	JPHQ	Sell	2,395,607	25,140,000 SEK	8/17/22	—	(56,470)
Chilean Peso	GSCO	Buy	3,686,615,833	4,252,152	8/19/22	—	(272,200)
Chinese Yuan	JPHQ	Buy	94,285,000	14,745,440	8/22/22	—	(664,629)
Mexican Peso	CITI	Sell	3,580,000	177,765	8/31/22	1,668	—
Mexican Peso	MSCO	Sell	301,341,000	14,382,102	8/31/22	—	(440,524)
Chilean Peso	GSCO	Buy	3,573,680,000	4,303,046	9/02/22	—	(457,484)
Chilean Peso	GSCO	Buy	3,573,683,735	4,247,559	9/06/22	—	(405,227)
Euro	DBAB	Sell	8,070,087	86,680,000 SEK	9/06/22	—	(188)
Euro	DBAB	Sell	6,748,971	66,742,600 NOK	9/15/22	—	(322,228)
Euro	DBAB	Sell	34,484,359	364,110,000 SEK	9/19/22	—	(630,132)
Euro	JPHQ	Sell	63,451,078	631,183,200 NOK	9/19/22	—	(2,667,337)
Australian Dollar	CITI	Buy	11,476,000	8,486,387	9/21/22	—	(559,903)
Australian Dollar	CITI	Sell	11,476,000	8,402,635	9/21/22	476,151	—
Chilean Peso	GSCO	Buy	6,253,949,801	7,483,045	9/21/22	—	(779,461)
Chinese Yuan	BOFA	Buy	184,017,140	27,367,213	9/21/22	111,139	—
Chinese Yuan	HSBK	Buy	136,590,880	20,350,235	9/21/22	46,193	—
Indian Rupee	JPHQ	Buy	1,020,100,000	12,958,587	9/21/22	—	(135,313)
New Zealand Dollar	BOFA	Buy	10,600,000	6,634,540	9/21/22	—	(20,968)
New Zealand Dollar	CITI	Buy	12,470,000	8,485,735	9/21/22	—	(705,429)
New Zealand Dollar	JPHQ	Buy	47,380,000	32,307,001	9/21/22	—	(2,745,580)
South Korean Won	BNDP	Buy	71,267,400,000	54,930,092	9/21/22	468,980	—
Euro	CITI	Sell	30,510,000	34,114,756	9/22/22	1,956,725	—

Templeton Global Bond VIP Fund (continued)

Forward Exchange Contracts (continued)

Currency	Counter-party ^a	Type	Quantity	Contract Amount*	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
OTC Forward Exchange Contracts (continued)							
Euro	HSBK	Sell	25,250,000	28,230,258	9/22/22	\$1,616,351	\$—
Euro	GSCO	Sell	1,230,811	1,386,078	10/03/22	87,738	—
Indian Rupee	JPHQ	Buy	205,911,800	2,672,617	10/07/22	—	(87,921)
Chilean Peso	GSCO	Buy	1,363,170,000	1,642,888	10/11/22	—	(187,332)
Indian Rupee	CITI	Buy	200,059,600	2,588,763	10/11/22	—	(78,464)
Indian Rupee	JPHQ	Buy	266,347,200	3,461,977	10/11/22	—	(119,918)
Euro	DBAB	Sell	28,725,356	297,167,015 SEK	10/12/22	—	(1,147,963)
Indian Rupee	CITI	Buy	241,153,200	3,132,673	10/12/22	—	(107,025)
Singapore Dollar	MSCO	Buy	10,540,000	7,736,821	10/21/22	—	(142,050)
Euro	BZWS	Sell	18,568,000	20,340,316	10/25/22	714,300	—
Euro	DBAB	Sell	24,278,000	26,560,090	10/25/22	898,716	—
Chilean Peso	JPHQ	Buy	3,325,445,264	4,012,362	10/26/22	—	(470,899)
Euro	HSBK	Sell	19,066,768	26,135,009 CAD	11/03/22	139,733	—
Indian Rupee	CITI	Buy	149,657,200	1,916,471	11/10/22	—	(43,874)
Indian Rupee	HSBK	Buy	242,055,750	3,072,397	11/14/22	—	(44,792)
Chinese Yuan	BOFA	Buy	220,626,460	33,030,880	12/08/22	—	(62,149)
Chinese Yuan	CITI	Buy	284,452,570	42,633,139	12/08/22	—	(126,723)
Chinese Yuan	JPHQ	Buy	109,163,880	16,329,431	12/09/22	—	(16,629)
South Korean Won	JPHQ	Buy	8,539,200,000	6,776,605	12/14/22	—	(117,002)
Chilean Peso	JPHQ	Buy	3,325,454,736	3,624,474	12/27/22	—	(121,669)
Euro	DBAB	Sell	24,397,000	26,885,584	1/25/23	892,566	—
Chilean Peso	GSCO	Buy	2,307,250,000	2,731,767	3/07/23	—	(326,401)
Euro	BZWS	Sell	8,713,000	9,677,486	4/25/23	334,304	—
Mexican Peso	CITI	Sell	106,418,000	4,633,013	10/23/23	—	(198,604)
Total Forward Exchange Contracts						\$19,462,411	\$(25,618,716)
Net unrealized appreciation (depreciation)							\$(6,156,305)

¹In U.S. dollars unless otherwise indicated.

^aMay be comprised of multiple contracts with the same counterparty, currency and settlement date.

See Note 11 regarding other derivative information.

See Abbreviations on page TGB-31.

Statement of Assets and Liabilities

June 30, 2022 (unaudited)

	Templeton Global Bond VIP Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	\$1,961,326,153
Cost - Non-controlled affiliates (Note 3e)	163,878,104
Value - Unaffiliated issuers	\$1,619,050,003
Value - Non-controlled affiliates (Note 3e)	163,878,104
Cash	44,658
Restricted cash for OTC derivative contracts (Note 1d)	3,420,000
Restricted currency, at value (cost \$10,762,000) (Note 1e)	8,831,628
Foreign currency, at value (cost \$1,292,666)	1,245,098
Receivables:	
Investment securities sold	1,851,331
Capital shares sold	215,762
Interest	16,098,674
Deposits with brokers for:	
OTC derivative contracts	16,083,000
Unrealized appreciation on OTC forward exchange contracts	19,462,411
Total assets	<u>1,850,180,669</u>
Liabilities:	
Payables:	
Investment securities purchased	342
Capital shares redeemed	2,183,305
Management fees	682,787
Distribution fees	354,289
Trustees' fees and expenses	438
Deposits from brokers for:	
OTC derivative contracts	3,420,000
Options written, at value (premiums received \$1,331,330)	418,423
Unrealized depreciation on OTC forward exchange contracts	25,618,716
Deferred tax	699,121
Accrued expenses and other liabilities	1,184,022
Total liabilities	<u>34,561,443</u>
Net assets, at value	<u>\$1,815,619,226</u>
Net assets consist of:	
Paid-in capital	\$2,385,559,668
Total distributable earnings (losses)	(569,940,442)
Net assets, at value	<u>\$1,815,619,226</u>

Statement of Assets and Liabilities (continued)

June 30, 2022 (unaudited)

	Templeton Global Bond VIP Fund
<hr/>	
Class 1:	
Net assets, at value	\$164,772,141
Shares outstanding	12,660,517
Net asset value and maximum offering price per share	<u>\$13.01</u>
Class 2:	
Net assets, at value	\$1,590,519,781
Shares outstanding	128,707,227
Net asset value and maximum offering price per share	<u>\$12.36</u>
Class 4:	
Net assets, at value	\$60,327,304
Shares outstanding	4,767,790
Net asset value and maximum offering price per share	<u>\$12.65</u>

Statement of Operations

for the six months ended June 30, 2022 (unaudited)

	Templeton Global Bond VIP Fund
Investment income:	
Dividends:	
Non-controlled affiliates (Note 3e)	\$79,261
Interest: (net of foreign taxes of \$1,466,804)	
Unaffiliated issuers:	
Inflation principal adjustments	10,108,483
Paid in cash ^a	31,954,010
Total investment income	<u>42,141,754</u>
Expenses:	
Management fees (Note 3a)	4,632,371
Distribution fees: (Note 3c)	
Class 2	2,184,919
Class 4	117,771
Custodian fees (Note 4)	254,283
Reports to shareholders fees	101,253
Professional fees	58,778
Trustees' fees and expenses	10,029
Other	35,406
Total expenses	<u>7,394,810</u>
Expense reductions (Note 4)	(34,060)
Expenses waived/paid by affiliates (Note 3e)	<u>(149,620)</u>
Net expenses	7,211,130
Net investment income	<u>34,930,624</u>
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments: (net of foreign taxes of \$90,120)	
Unaffiliated issuers	(44,619,903)
Written options	2,735,040
Foreign currency transactions	(1,682,198)
Forward exchange contracts	3,124,386
Net realized gain (loss)	<u>(40,442,675)</u>
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	(100,300,000)
Translation of other assets and liabilities denominated in foreign currencies	(2,517,855)
Written options	(1,580,832)
Forward exchange contracts	(7,748,199)
Change in deferred taxes on unrealized appreciation	655,468
Net change in unrealized appreciation (depreciation)	<u>(111,491,418)</u>
Net realized and unrealized gain (loss)	<u>(151,934,093)</u>
Net increase (decrease) in net assets resulting from operations	<u>\$(117,003,469)</u>

^aIncludes amortization of premium and accretion of discount.

Statements of Changes in Net Assets

	Templeton Global Bond VIP Fund	
	Six Months Ended	Year Ended
	June 30, 2022	December 31, 2021
	(unaudited)	
Increase (decrease) in net assets:		
Operations:		
Net investment income	\$34,930,624	\$71,596,289
Net realized gain (loss)	(40,442,675)	(185,608,767)
Net change in unrealized appreciation (depreciation)	(111,491,418)	238,289
Net increase (decrease) in net assets resulting from operations	(117,003,469)	(113,774,189)
Capital share transactions: (Note 2)		
Class 1	(28,918,253)	(9,857,158)
Class 2	(166,634,013)	(63,558,697)
Class 4	(7,216,375)	(1,380,150)
Total capital share transactions	(202,768,641)	(74,796,005)
Net increase (decrease) in net assets	(319,772,110)	(188,570,194)
Net assets:		
Beginning of period	2,135,391,336	2,323,961,530
End of period	\$1,815,619,226	\$2,135,391,336

Notes to Financial Statements (unaudited)

Templeton Global Bond VIP Fund

1. Organization and Significant Accounting Policies

Franklin Templeton Variable Insurance Products Trust (Trust) is registered under the Investment Company Act of 1940 (1940 Act) as an open-end management investment company, consisting of eighteen separate funds and applies the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP). Templeton Global Bond VIP Fund (Fund) is included in this report. Shares of the Fund are generally sold only to insurance company separate accounts to fund the benefits of variable life insurance policies or variable annuity contracts. The Fund offers three classes of shares: Class 1, Class 2 and Class 4. Each class of shares may differ by its distribution fees, voting rights on matters affecting a single class and its exchange privilege.

The following summarizes the Fund's significant accounting policies.

a. Financial Instrument Valuation

The Fund's investments in financial instruments are carried at fair value daily. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Fund calculates the net asset value (NAV) per share each business day as of 4 p.m. Eastern time or the regularly scheduled close of the New York Stock Exchange (NYSE), whichever is earlier. Under compliance policies and procedures approved by the Trust's Board of Trustees (the Board), the Fund's administrator has responsibility for oversight of valuation, including leading the cross-functional Valuation Committee (VC). The Fund may utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

Debt securities generally trade in the over-the-counter (OTC) market rather than on a securities exchange. The Fund's pricing services use multiple valuation techniques to determine fair value. In instances where sufficient market activity exists, the pricing services may utilize a market-based approach through which quotes from market makers are used to determine fair value. In instances where sufficient market activity may not exist or is limited, the pricing services also utilize proprietary valuation models which may consider market characteristics such as benchmark yield curves, credit spreads, estimated default rates, anticipated market interest rate volatility, coupon

rates, anticipated timing of principal repayments, underlying collateral, and other unique security features in order to estimate the relevant cash flows, which are then discounted to calculate the fair value. Securities denominated in a foreign currency are converted into their U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the date that the values of the foreign debt securities are determined.

Investments in open-end mutual funds are valued at the closing NAV.

Certain derivative financial instruments are centrally cleared or trade in the OTC market. The Fund's pricing services use various techniques including industry standard option pricing models and proprietary discounted cash flow models to determine the fair value of those instruments. The Fund's net benefit or obligation under the derivative contract, as measured by the fair value of the contract, is included in net assets.

The Fund has procedures to determine the fair value of financial instruments for which market prices are not reliable or readily available. Under these procedures, the Fund primarily employs a market-based approach which may use related or comparable assets or liabilities, recent transactions, market multiples, book values, and other relevant information for the investment to determine the fair value of the investment. An income-based valuation approach may also be used in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed.

b. Foreign Currency Translation

Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the exchange rate of such currencies against U.S. dollars on the date of valuation. The Fund may enter into foreign currency exchange contracts to facilitate transactions denominated in a foreign currency. Purchases and sales of securities, income and expense items denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect on the transaction date. Portfolio securities and assets and liabilities denominated

Templeton Global Bond VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

b. Foreign Currency Translation (continued)

in foreign currencies contain risks that those currencies will decline in value relative to the U.S. dollar. Occasionally, events may impact the availability or reliability of foreign exchange rates used to convert the U.S. dollar equivalent value. If such an event occurs, the foreign exchange rate will be valued at fair value using procedures established and approved by the Board.

The Fund does not separately report the effect of changes in foreign exchange rates from changes in market prices on securities held. Such changes are included in net realized and unrealized gain or loss from investments in the Statement of Operations.

Realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions and the difference between the recorded amounts of dividends, interest, and foreign withholding taxes and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in foreign exchange rates on foreign denominated assets and liabilities other than investments in securities held at the end of the reporting period.

c. Derivative Financial Instruments

The Fund invested in derivative financial instruments in order to manage risk or gain exposure to various other investments or markets. Derivatives are financial contracts based on an underlying or notional amount, require no initial investment or an initial net investment that is smaller than would normally be required to have a similar response to changes in market factors, and require or permit net settlement. Derivatives contain various risks including the potential inability of the counterparty to fulfill their obligations under the terms of the contract, the potential for an illiquid secondary market, and/or the potential for market movements which expose the Fund to gains or losses in excess of the amounts shown in the Statement of Assets and Liabilities. Realized gain and loss and unrealized appreciation and depreciation on these contracts for the period are included in the Statement of Operations.

Derivative counterparty credit risk is managed through a formal evaluation of the creditworthiness of all potential counterparties. The Fund attempts to reduce its exposure to counterparty credit risk on OTC derivatives, whenever possible, by entering into International Swaps and Derivatives Association (ISDA) master agreements with certain counterparties. These agreements contain various provisions, including but not limited to collateral requirements, events of default, or early termination. Termination events applicable to the counterparty include certain deteriorations in the credit quality of the counterparty. Termination events applicable to the Fund include failure of the Fund to maintain certain net asset levels and/or limit the decline in net assets over various periods of time. In the event of default or early termination, the ISDA master agreement gives the non-defaulting party the right to net and close-out all transactions traded, whether or not arising under the ISDA agreement, to one net amount payable by one counterparty to the other. However, absent an event of default or early termination, OTC derivative assets and liabilities are presented gross and not offset in the Statement of Assets and Liabilities. Early termination by the counterparty may result in an immediate payment by the Fund of any net liability owed to that counterparty under the ISDA agreement.

Collateral requirements differ by type of derivative. Collateral terms are contract specific for OTC derivatives. For OTC derivatives traded under an ISDA master agreement, posting of collateral is required by either the Fund or the applicable counterparty if the total net exposure of all OTC derivatives with the applicable counterparty exceeds the minimum transfer amount, which typically ranges from \$100,000 to \$250,000, and can vary depending on the counterparty and the type of the agreement. Generally, collateral is determined at the close of Fund business each day and any additional collateral required due to changes in derivative values may be delivered by the Fund or the counterparty the next business day, or within a few business days. Collateral pledged and/or received by the Fund, if any, is held in segregated accounts with the Fund's custodian/counterparty broker and can be in the form of cash and/or securities. Unrestricted cash may be invested according to the Fund's investment objectives. To the extent that the amounts due to the Fund from its counterparties are not subject to collateralization or are not fully collateralized, the Fund bears the risk of loss from counterparty non-performance.

Templeton Global Bond VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

c. Derivative Financial Instruments (continued)

The Fund entered into OTC forward exchange contracts primarily to manage and/or gain exposure to certain foreign currencies. A forward exchange contract is an agreement between the Fund and a counterparty to buy or sell a foreign currency at a specific exchange rate on a future date.

The Fund purchased or wrote OTC option contracts primarily to manage and/or gain exposure to foreign exchange rate risk. An option is a contract entitling the holder to purchase or sell a specific amount of shares or units of an asset or notional amount of a swap (swaption), at a specified price. When an option is purchased or written, an amount equal to the premium paid or received is recorded as an asset or liability, respectively. Upon exercise of an option, the acquisition cost or sales proceeds of the underlying investment is adjusted by any premium received or paid. Upon expiration of an option, any premium received or paid is recorded as a realized gain or loss. Upon closing an option other than through expiration or exercise, the difference between the premium received or paid and the cost to close the position is recorded as a realized gain or loss.

See Note 11 regarding other derivative information.

d. Restricted Cash

At June 30, 2022, the Fund held restricted cash in connection with investments in certain derivative securities. Restricted cash is held in a segregated account with the Fund's counterparty broker and is reflected in the Statement of Assets and Liabilities.

e. Restricted Currency

At June 30, 2022, the Fund held currencies in certain markets in which the ability to repatriate such currency is limited. As a result of such limitations on repatriation, the Fund may incur substantial delays in gaining access to these assets and may be exposed to potential adverse movements in currency value.

f. Income and Deferred Taxes

It is the Fund's policy to qualify as a regulated investment company under the Internal Revenue Code. The Fund intends to distribute to shareholders substantially all of its

taxable income and net realized gains to relieve it from federal income and if applicable, excise taxes. As a result, no provision for U.S. federal income taxes is required.

The Fund may be subject to foreign taxation related to income received, capital gains on the sale of securities and certain foreign currency transactions in the foreign jurisdictions in which it invests. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Fund invests. When a capital gain tax is determined to apply, the Fund records an estimated deferred tax liability in an amount that would be payable if the securities were disposed of on the valuation date.

The Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of June 30, 2022, the Fund has determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

g. Security Transactions, Investment Income, Expenses and Distributions

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Interest income and estimated expenses are accrued daily. Amortization of premium and accretion of discount on debt securities are included in interest income. Dividend income is recorded on the ex-dividend date. Distributions to shareholders are recorded on the ex-dividend date. Distributable earnings are determined according to income tax regulations (tax basis) and may differ from earnings recorded in accordance with U.S. GAAP. These differences may be permanent or temporary. Permanent differences are reclassified among capital accounts to reflect their tax character. These reclassifications have no impact on net assets or the results of operations. Temporary differences are not reclassified, as they may reverse in subsequent periods.

Common expenses incurred by the Trust are allocated among the Funds based on the ratio of net assets of each Fund to the combined net assets of the Trust or based on

Templeton Global Bond VIP Fund (continued)

1. Organization and Significant Accounting Policies
(continued)

g. Security Transactions, Investment Income, Expenses and Distributions (continued)

the ratio of number of shareholders of each Fund to the combined number of shareholders of the Trust. Fund specific expenses are charged directly to the Fund that incurred the expense.

Realized and unrealized gains and losses and net investment income, excluding class specific expenses, are allocated daily to each class of shares based upon the relative proportion of net assets of each class. Differences in per share distributions by class are generally due to differences in class specific expenses.

Inflation-indexed bonds are adjusted for inflation through periodic increases or decreases in the security's interest accruals, face amount, or principal redemption value, by amounts corresponding to the rate of inflation as measured by an index. Any increase or decrease in the face amount or principal redemption value will be included as inflation principal adjustments in the Statement of Operations.

2. Shares of Beneficial Interest

At June 30, 2022, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Six Months Ended June 30, 2022		Year Ended December 31, 2021	
	Shares	Amount	Shares	Amount
Class 1 Shares:				
Shares sold	726,114	\$9,919,508	2,973,164	\$41,967,080
Shares redeemed	(2,855,020)	(38,837,761)	(3,685,956)	(51,824,238)
Net increase (decrease)	(2,128,906)	\$(28,918,253)	(712,792)	\$(9,857,158)
Class 2 Shares:				
Shares sold	2,629,832	\$34,327,490	10,826,597	\$145,827,853
Shares redeemed	(15,502,902)	(200,961,503)	(15,636,949)	(209,386,550)
Net increase (decrease)	(12,873,070)	\$(166,634,013)	(4,810,352)	\$(63,558,697)
Class 4 Shares:				
Shares sold	144,033	\$1,918,579	824,461	\$11,404,659
Shares redeemed	(686,743)	(9,134,954)	(933,077)	(12,784,809)
Net increase (decrease)	(542,710)	\$(7,216,375)	(108,616)	\$(1,380,150)

Templeton Global Bond VIP Fund (continued)

3. Transactions with Affiliates

Franklin Resources, Inc. is the holding company for various subsidiaries that together are referred to as Franklin Templeton. Certain officers and trustees of the Fund are also officers and/or directors of the following subsidiaries:

Subsidiary	Affiliation
Franklin Advisers, Inc. (Advisers)	Investment manager
Franklin Templeton Services, LLC (FT Services)	Administrative manager
Franklin Distributors, LLC (Distributors)	Principal underwriter
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

a. Management Fees

The Fund pays an investment management fee, calculated daily and paid monthly, to Advisers based on the average daily net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
0.625%	Up to and including \$100 million
0.500%	Over \$100 million, up to and including \$250 million
0.450%	Over \$250 million, up to and including \$7.5 billion
0.440%	Over \$7.5 billion, up to and including \$10 billion
0.430%	Over \$10 billion, up to and including \$12.5 billion
0.420%	Over \$12.5 billion, up to and including \$15 billion
0.400%	In excess of \$15 billion

For the period ended June 30, 2022, the annualized gross effective investment management fee rate was 0.462% of the Fund's average daily net assets.

b. Administrative Fees

Under an agreement with Advisers, FT Services provides administrative services to the Fund. The fee is paid by Advisers based on the Fund's average daily net assets, and is not an additional expense of the Fund.

c. Distribution Fees

The Board has adopted distribution plans for Class 2 and Class 4 shares pursuant to Rule 12b-1 under the 1940 Act. Under the Fund's compensation distribution plans, the Fund pays Distributors for costs incurred in connection with the servicing, sale and distribution of the Fund's shares up to 0.25% and 0.35% per year of its average daily net assets of Class 2 and Class 4, respectively. The plan year, for purposes of monitoring compliance with the maximum annual plan rates, is February 1 through January 31.

d. Transfer Agent Fees

Investor Services, under terms of an agreement, performs shareholder servicing for the Fund and is not paid by the Fund for the services.

e. Investments in Affiliated Management Investment Companies

The Fund invests in one or more affiliated management investment companies. As defined in the 1940 Act, an investment is deemed to be a "Controlled Affiliate" of a fund when a fund owns, either directly or indirectly, 25% or more of the affiliated fund's outstanding shares or has the power to exercise control over management or policies of such fund. The Fund does not invest for purposes of exercising a controlling influence over the management or policies. Management fees paid by the Fund

Templeton Global Bond VIP Fund (continued)

3. Transactions with Affiliates (continued)

e. Investments in Affiliated Management Investment Companies (continued)

are waived on assets invested in the affiliated management investment companies, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. During the period ended June 30, 2022, the Fund held investments in affiliated management investment companies as follows:

	Value at Beginning of Period	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Period	Number of Shares Held at End of Period	Investment Income
Templeton Global Bond VIP Fund								
Non-Controlled Affiliates								
								Dividends
Institutional Fiduciary Trust - Money Market Portfolio, 0.895%	\$94,380,135	\$600,813,125	\$(531,315,156)	\$—	\$—	\$163,878,104	163,878,104	\$79,261
Total Affiliated Securities . . .	\$94,380,135	\$600,813,125	\$(531,315,156)	\$—	\$—	\$163,878,104		\$79,261

4. Expense Offset Arrangement

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the period ended June 30, 2022, the custodian fees were reduced as noted in the Statement of Operations.

5. Income Taxes

For tax purposes, capital losses may be carried over to offset future capital gains.

At December 31, 2021, the capital loss carryforwards were as follows:

Capital loss carryforwards not subject to expiration:	
Short term	\$11,031,492
Long term	190,967,605
Total capital loss carryforwards	<u>\$201,999,097</u>

At June 30, 2022, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	<u>\$2,138,638,110</u>
Unrealized appreciation	\$41,284,313
Unrealized depreciation	(403,569,043)
Net unrealized appreciation (depreciation)	<u>\$(362,284,730)</u>

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatments of foreign currency transactions, foreign capital gains tax, bond discounts and premiums, tax straddles and inflation related adjustments on foreign securities.

Templeton Global Bond VIP Fund (continued)

6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the period ended June 30, 2022, aggregated \$165,288,125 and \$198,317,821, respectively.

7. Credit Risk

At June 30, 2022, the Fund had 11.9% of its portfolio invested in high yield or other securities rated below investment grade and unrated securities, if any. These securities may be more sensitive to economic conditions causing greater price volatility and are potentially subject to a greater risk of loss due to default than higher rated securities.

8. Concentration of Risk

Investments in issuers domiciled or with significant operations in developing or emerging market countries may be subject to higher risks than investments in developed countries. These risks include fluctuating currency values, underdeveloped legal or business systems, and changing local and regional economic, political and social conditions, which may result in greater market volatility. In addition, certain foreign securities may not be as liquid as U.S. securities. Currencies of developing or emerging market countries may be subject to significantly greater risks than currencies of developed countries, including the potential inability to repatriate those currencies into U.S. dollars.

At June 30, 2022, the Fund had 1.9% of its net assets denominated in Argentine Pesos. Argentina has restricted currency repatriation since September 2019, and had restructured certain issues of its debt. Political and economic conditions in Argentina could continue to affect the value of the Fund's holdings.

9. Geopolitical Risk

On February 24, 2022, Russia engaged in military actions in the sovereign territory of Ukraine. The current political and financial uncertainty surrounding Russia and Ukraine may increase market volatility and the economic risk of investing in securities in these countries and may also cause uncertainty for the global economy and broader financial markets. The ultimate fallout and long-term impact from these events are not known. The Fund will continue to assess the impact on valuations and liquidity and will take any potential actions needed in accordance with procedures approved by the Board.

10. Novel Coronavirus Pandemic

The global outbreak of the novel coronavirus disease, known as COVID-19, has caused adverse effects on many companies, sectors, nations, regions and the markets in general, and may continue for an unpredictable duration. The effects of this pandemic may materially impact the value and performance of the Fund, its ability to buy and sell fund investments at appropriate valuations and its ability to achieve its investment objectives.

Templeton Global Bond VIP Fund (continued)

11. Other Derivative Information

At June 30, 2022, the Fund's investments in derivative contracts are reflected in the Statement of Assets and Liabilities as follows:

Derivative Contracts Not Accounted for as Hedging Instruments	Asset Derivatives		Liability Derivatives	
	Statement of Assets and Liabilities Location	Fair Value	Statement of Assets and Liabilities Location	Fair Value
Templeton Global Bond VIP Fund				
Foreign exchange contracts				
	Investments in securities, at value	\$1,288,450 ^a	Options written, at value	\$418,423
	Unrealized appreciation on OTC forward exchange contracts	19,462,411	Unrealized depreciation on OTC forward exchange contracts	25,618,716
Total		<u>\$20,750,861</u>		<u>\$26,037,139</u>

^aPurchased option contracts are included in investments in securities, at value in the Statement of Assets and Liabilities.

For the period ended June 30, 2022, the effect of derivative contracts in the Statement of Operations was as follows:

Derivative Contracts Not Accounted for as Hedging Instruments	Statement of Operations Location	Net Realized Gain (Loss) for the Period	Statement of Operations Location	Net Change in Unrealized Appreciation (Depreciation) for the Period
Templeton Global Bond VIP Fund				
	Net realized gain (loss) from:		Net change in unrealized appreciation (depreciation) on:	
Foreign exchange contracts				
	Investments	\$(6,769,825) ^a	Investments	\$3,620,782 ^a
	Written options	2,735,040	Written options	(1,580,832)
	Forward exchange contracts	3,124,386	Forward exchange contracts	(7,748,199)
Total		<u>\$(910,399)</u>		<u>\$(5,708,249)</u>

^aPurchased option contracts are included in net realized gain (loss) from investments and net change in unrealized appreciation (depreciation) on investments in the Statement of Operations.

For the period ended June 30, 2022, the average month end notional amount of options represented \$385,649,000. The average month end contract value of forward exchange contracts was \$1,451,934,155.

Templeton Global Bond VIP Fund (continued)

11. Other Derivative Information (continued)

At June 30, 2022, OTC derivative assets and liabilities are as follows:

	Gross Amounts of Assets and Liabilities Presented in the Statement of Assets and Liabilities	
	Assets^a	Liabilities^a
Templeton Global Bond VIP Fund		
Derivatives		
Forward exchange contracts	\$19,462,411	\$25,618,716
Options purchased	1,288,450	—
Options written	—	418,423
Total	\$20,750,861	\$26,037,139

^aAbsent an event of default or early termination, OTC derivative assets and liabilities are presented gross and not offset in the Statement of Assets and Liabilities.

At June 30, 2022, OTC derivative assets, which may be offset against OTC derivative liabilities and collateral received from the counterparty, are as follows:

	Gross Amounts of Assets Presented in the Statement of Assets and Liabilities	Amounts Not Offset in the Statement of Assets and Liabilities			Net Amount (Not less than zero)
		Financial Instruments Available for Offset	Financial Instruments Collateral Received^{a,b}	Cash Collateral Received	
Templeton Global Bond VIP Fund					
Counterparty					
BNDP	\$468,980	\$—	\$(18,488)	\$—	\$450,492
BOFA	698,439	(142,866)	—	(450,000)	105,573
BZWS	1,048,604	—	(488,604)	(560,000)	—
CITI	5,969,903	(5,969,903)	—	—	—
DBAB	1,791,282	(1,791,282)	—	—	—
GSCO	87,738	(87,738)	—	—	—
HSBK	6,303,960	(976,444)	(3,716,033)	—	1,611,483
JPHQ	807,018	(807,018)	—	—	—
MSCO	3,574,937	(933,656)	—	(2,410,000)	231,281
Total	\$20,750,861	\$(10,708,907)	\$(4,223,125)	\$(3,420,000)	\$2,398,829

Templeton Global Bond VIP Fund (continued)

11. Other Derivative Information (continued)

At June 30, 2022, OTC derivative liabilities, which may be offset against OTC derivative assets and collateral pledged to the counterparty, are as follows:

	Gross Amounts of Liabilities Presented in the Statement of Assets and Liabilities	Amounts Not Offset in the Statement of Assets and Liabilities			Net Amount (Not less than zero)
		Financial Instruments Available for Offset	Financial Instruments Collateral Pledged	Cash Collateral Pledged ^b	
Templeton Global Bond VIP Fund					
Counterparty					
BNDP	\$—	\$—	\$—	\$—	\$—
BOFA	142,866	(142,866)	—	—	—
BZWS	—	—	—	—	—
CITI	6,067,968	(5,969,903)	—	(98,065)	—
DBAB	4,403,575	(1,791,282)	—	(2,200,000)	412,293
GSCO	3,275,222	(87,738)	—	(3,187,484)	—
HSBK	976,444	(976,444)	—	—	—
JPHQ	10,237,408	(807,018)	—	(9,430,390)	—
MSCO	933,656	(933,656)	—	—	—
Total	\$26,037,139	\$(10,708,907)	\$—	\$(14,915,939)	\$412,293

^aAt June 30, 2022, the Fund received U.S. Treasury Bonds, Notes and U.K. Treasury Inflation-Linked Gilt Bonds as collateral for derivatives.

^bIn some instances, the collateral amounts disclosed in the table above were adjusted due to the requirement to limit the collateral amounts to avoid the effect of overcollateralization. Actual collateral received and/or pledged may be more than the amounts disclosed herein.

See Note 1(c) regarding derivative financial instruments.

See Abbreviations on page TGB-31.

12. Credit Facility

The Fund, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton, are borrowers in a joint syndicated senior unsecured credit facility totaling \$2.675 billion (Global Credit Facility) which matures on February 3, 2023. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the period ended June 30, 2022, the Fund did not use the Global Credit Facility.

Templeton Global Bond VIP Fund (continued)

13. Fair Value Measurements

The Fund follows a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Fund's own market assumptions (unobservable inputs). These inputs are used in determining the value of the Fund's financial instruments and are summarized in the following fair value hierarchy:

- Level 1 – quoted prices in active markets for identical financial instruments
- Level 2 – other significant observable inputs (including quoted prices for similar financial instruments, interest rates, prepayment speed, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Fund's own assumptions in determining the fair value of financial instruments)

The input levels are not necessarily an indication of the risk or liquidity associated with financial instruments at that level.

A summary of inputs used as of June 30, 2022, in valuing the Fund's assets and liabilities carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Templeton Global Bond VIP Fund				
Assets:				
Investments in Securities:				
Foreign Government and Agency Securities	\$—	\$947,869,020	\$—	\$947,869,020
U.S. Government and Agency Securities	—	400,925,785	—	400,925,785
Options purchased	—	1,288,450	—	1,288,450
Short Term Investments	163,878,104	268,966,748	—	432,844,852
Total Investments in Securities	<u>\$163,878,104</u>	<u>\$1,619,050,003</u>	<u>\$—</u>	<u>\$1,782,928,107</u>
Other Financial Instruments:				
Forward exchange contracts	\$—	\$19,462,411	\$—	\$19,462,411
Restricted Currency (ARS)	—	8,831,628	—	8,831,628
Total Other Financial Instruments	<u>\$—</u>	<u>\$28,294,039</u>	<u>\$—</u>	<u>\$28,294,039</u>
Receivables:				
Interest (ARS)	\$—	\$419,802	\$—	\$419,802
Liabilities:				
Other Financial Instruments:				
Options written	\$—	\$418,423	\$—	\$418,423
Forward exchange contracts	—	25,618,716	—	25,618,716
Total Other Financial Instruments	<u>\$—</u>	<u>\$26,037,139</u>	<u>\$—</u>	<u>\$26,037,139</u>
Payables:				
Deferred Tax (ARS)	\$—	\$1,204	\$—	\$1,204

14. Subsequent Events

The Fund has evaluated subsequent events through the issuance of the financial statements and determined that no events have occurred that require disclosure.

Templeton Global Bond VIP Fund (continued)

Abbreviations

Counterparty

BNDP	BNP Paribas SA
BOFA	Bank of America Corp.
BZWS	Barclays Bank plc
CITI	Citibank NA
DBAB	Deutsche Bank AG
GSCO	Goldman Sachs Group, Inc.
HSBK	HSBC Bank plc
JPHQ	JPMorgan Chase Bank NA
MSCO	Morgan Stanley

Currency

ARS	Argentine Peso
BRL	Brazilian Real
CAD	Canadian Dollar
COP	Colombian Peso
EUR	Euro
GBP	British Pound
GHS	Ghanaian Cedi
IDR	Indonesian Rupiah
INR	Indian Rupee
KRW	South Korean Won
MXN	Mexican Peso
NOK	Norwegian Krone
SEK	Swedish Krona
SGD	Singapore Dollar
THB	Thai Baht
USD	United States Dollar

Index Descriptions

The indexes are unmanaged and include reinvestment of any income or distributions. They do not reflect any fees, expenses or sales charges. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio. Net Returns (NR) include income net of tax withholding when dividends are paid.

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See www.franklintempletondatasources.com for additional data provider information.

Bloomberg 1-3 Month U.S. Treasury Bill Index measures the performance of U.S. Treasury bills that have a remaining maturity of greater than or equal to one month and less than three months. Treasuries, if held to maturity, offer a fixed rate of return and a fixed principal value; their interest payments and principal are guaranteed.

Bloomberg U.S. Aggregate Bond Index measures the performance of the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, mortgage-backed securities (agency fixed-rate and hybrid adjustable-rate mortgage pass-throughs), asset-backed securities and commercial mortgage-backed securities (agency and nonagency).

Bloomberg U.S. Corporate Bond Index measures the performance of the investment-grade, fixed-rate, taxable corporate bond market. It includes U.S. dollar-denominated securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers.

Bloomberg U.S. Corporate High Yield Bond Index measures the performance of the U.S. dollar-denominated, high-yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and Standard & Poor's is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets (EM) country of risk, based on Bloomberg EM country definition, are excluded.

Bloomberg U.S. Government - Intermediate Index is the intermediate component of the Bloomberg U.S. Government Index, which includes U.S. dollar-denominated, fixed-rate, nominal U.S. Treasuries and U.S. agency debentures (securities issued by U.S. government-owned or government-sponsored entities, and debt explicitly guaranteed by the U.S. government).

Bloomberg U.S. High Yield Very Liquid Index is a component of the U.S. Corporate High Yield Index that is designed to track a more liquid component of the U.S. dollar-denominated, high-yield, fixed-rate corporate bond market.

Bloomberg U.S. Mortgage-Backed Securities (MBS) Index tracks the performance of fixed-rate agency mortgage-backed pass-through securities guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA) and Freddie Mac (FHLMC). Effective June 1, 2017, hybrid adjustable-rate mortgages were removed from the index.

Bloomberg U.S. Treasury Index measures the performance of U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury with at least one year until final maturity. Treasuries, if held to maturity, offer a fixed rate of return and a fixed principal value; their interest payments and principal are guaranteed.

FTSE® EPRA®/NAREIT® Developed Index is a free float-adjusted index designed to measure the performance of publicly traded real estate securities in the North American, European and Asian real estate markets.

FTSE World Government Bond Index measures the performance of fixed-rate, local currency, investment-grade sovereign bonds and is stated in U.S. dollar terms.

J.P. Morgan (JPM) Global Government Bond Index (GGBI) tracks total returns for liquid, fixed-rate, domestic government bonds with maturities greater than one year issued by developed countries globally.

MSCI All Country Asia Index-NR is a free float-adjusted, market capitalization-weighted index designed to measure the equity market performance of developed and emerging markets in Asia.

MSCI All Country World Index (ACWI)-NR is a free float-adjusted, market capitalization-weighted index designed to measure the equity market performance of global developed and emerging markets.

MSCI All Country World Index (ACWI) ex USA Index-NR is a free float-adjusted, market capitalization-weighted index designed to measure the equity market performance of global developed and emerging markets, excluding the U.S.

MSCI Emerging Markets (EM) Index-NR is a free float-adjusted, market capitalization-weighted index designed to measure the equity market performance of global emerging markets.

MSCI Europe Index-NR is a free float-adjusted, market capitalization-weighted index designed to measure the equity market performance of developed markets in Europe.

MSCI USA High Dividend Yield Index is based on the MSCI USA Index, its parent index, and includes large- and mid-capitalization stocks. The index is designed to reflect the performance of equities in the parent index (excluding real estate investment trusts) with higher dividend income and quality characteristics than average dividend yields that are both sustainable and persistent.

MSCI USA Index is designed to measure the performance of the large- and mid-capitalization segments of the U.S. market. With 627 constituents, the index covers approximately 85% of the free float adjusted market capitalization in the U.S.

MSCI World ex USA Index-NR is a free float-adjusted, market capitalization-weighted index designed to measure the equity market performance of global developed markets, excluding the U.S.

MSCI World Value Index-NR is a free float-adjusted, market capitalization-weighted index designed to measure the performance of stocks exhibiting overall value style characteristics in global developed markets.

Russell 1000® Growth Index is market capitalization weighted and measures the performance of those Russell 1000® Index companies with relatively higher price-to-book ratios and higher forecasted growth rates.

Russell 1000® Index is market capitalization weighted and measures the performance of the approximately 1,000 largest companies in the Russell 3000® Index, which represents the majority of the U.S. market's total capitalization.

Russell 1000® Value Index is market capitalization weighted and measures the performance of those Russell 1000® Index companies with relatively lower price-to-book ratios and lower forecasted growth rates.

Russell 2000® Index is market capitalization weighted and measures the performance of the approximately 2,000 smallest companies in the Russell 3000® Index that represent a small amount of the total market capitalization of the Russell 3000® Index.

Russell 2000® Value Index is market capitalization weighted and measures the performance of those Russell 2000® Index companies with relatively lower price-to-book ratios and lower forecasted growth rates.

Russell 2500™ Index is market capitalization weighted and measures the performance of the approximately 2,500 smallest companies in the Russell 3000® Index that represent a modest amount of the Russell 3000® Index's total market capitalization.

Russell 3000® Index is market capitalization weighted and measures the performance of the largest 3,000 U.S. companies representing the majority of the U.S. market's total capitalization.

Russell Midcap® Growth Index is market capitalization weighted and measures the performance of those Russell Midcap® Index companies with relatively higher price-to-book ratios and higher forecasted growth rates.

Russell Midcap® Index is market capitalization weighted and measures the performance of the approximately 800 smallest companies in the Russell 1000® Index that represent a modest amount of the Russell 1000® Index's total market capitalization.

Standard & Poor's® 500 Index (S&P 500®) is a market capitalization-weighted index of 500 stocks designed to measure total U.S. equity market performance.

Shareholder Information

Board Approval of Investment Management Agreements

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST

Franklin Allocation VIP Fund
Franklin DynaTech VIP Fund
Franklin Global Real Estate VIP Fund
Franklin Growth and Income VIP Fund
Franklin Income VIP Fund
Franklin Large Cap Growth VIP Fund
Franklin Mutual Global Discovery VIP Fund
Franklin Mutual Shares VIP Fund
Franklin Rising Dividends VIP Fund
Franklin Small Cap Value VIP Fund
Franklin Small-Mid Cap Growth VIP Fund
Franklin Strategic Income VIP Fund
Franklin U.S. Government Securities VIP Fund
Franklin VolSmart Allocation VIP Fund
Templeton Developing Markets VIP Fund
Templeton Foreign VIP Fund
Templeton Global Bond VIP Fund
Templeton Growth VIP Fund
 (each a Fund)

At an in-person meeting held on April 12, 2022 (Meeting), the Board of Trustees (Board) of Franklin Templeton Variable Insurance Products Trust (Trust), including a majority of the trustees who are not “interested persons” as defined in the Investment Company Act of 1940 (Independent Trustees), reviewed and approved the continuance of the (i) investment management agreement between Franklin Advisers, Inc. (FAV) and the Trust, on behalf of each of Franklin Allocation VIP Fund, Franklin DynaTech Growth VIP Fund, Franklin Growth and Income VIP Fund, Franklin Income VIP Fund, Franklin Large Cap Growth VIP Fund, Franklin Rising Dividends VIP Fund, Franklin Small-Mid Cap Growth VIP Fund, Franklin Strategic Income VIP Fund, Franklin U.S. Government Securities VIP Fund, Franklin VolSmart Allocation VIP Fund, and Templeton Global Bond VIP Fund; (ii) the investment sub-advisory agreement between FAV and Franklin Templeton Institutional, LLC (FTIL), an affiliate of FAV, on behalf of Franklin Allocation VIP Fund; (iii) the investment sub-advisory agreement between FAV and Templeton Global Advisors Limited (TGAL), an affiliate of FAV, on behalf of Franklin Allocation VIP Fund; (iv) the investment sub-advisory agreement between FAV and Brandywine Global Investment Management, LLC (BGIM), an affiliate of FAV, on behalf of Franklin Allocation VIP Fund; (v) the investment sub-advisory agreement between FAV

and ClearBridge Investments, LLC (CIL), an affiliate of FAV, on behalf of Franklin Allocation VIP Fund; (vi) the investment sub-advisory agreement between FAV and Western Asset Management Company, LLC (WAMC), an affiliate of FAV, on behalf of Franklin Allocation VIP Fund; (vii) the investment sub-advisory agreement between FAV and Western Asset Management Company Limited (WAMCL), an affiliate of FAV, on behalf of Franklin Allocation VIP Fund; (viii) the investment management agreement between FTIL and the Trust, on behalf of Franklin Global Real Estate VIP Fund; (ix) the investment management agreement between Franklin Mutual Advisers, LLC (FMA) and the Trust, on behalf of each of Franklin Mutual Global Discovery VIP Fund, Franklin Mutual Shares VIP Fund and Franklin Small Cap Value VIP Fund; (x) the investment management agreement between Templeton Asset Management Ltd. (TAML) and the Trust, on behalf of Templeton Developing Markets VIP Fund; (xi) the investment sub-advisory agreement between TAML and Franklin Templeton Investment Management Ltd. (FTIML), on behalf of Templeton Developing Markets VIP Fund; (xii) the investment management agreement between Templeton Investment Counsel, LLC (TICL) and the Trust, on behalf of Templeton Foreign VIP Fund; and (xiii) the investment management agreement between TGAL and the Trust, on behalf of Templeton Growth VIP Fund (each a Management Agreement) for an additional one-year period. The Independent Trustees received advice from and met separately with Independent Trustee counsel in considering whether to approve the continuation of each Management Agreement. Although the Management Agreements for the Funds were considered at the same Board meeting, the Board considered the information provided to it about the Funds together and with respect to each Fund separately as the Board deemed appropriate. BGIM, CIL, FAV, FTIL, FTIML, FMA, TAML, TICL, TGAL, WAMC and WAMCL are each referred to herein as a Manager.

In considering the continuation of each Management Agreement, the Board reviewed and considered information provided by each Manager at the Meeting and throughout the year at meetings of the Board and its committees. The Board also reviewed and considered information provided in response to a detailed set of requests for information submitted to each Manager by Independent Trustee counsel on behalf of the Independent Trustees in connection with the annual contract renewal process. In addition, prior to the Meeting, the Independent Trustees held a virtual contract renewal meeting at which the Independent Trustees first conferred amongst themselves and Independent Trustee counsel about contract renewal matters; and then met

with management to request additional information that the Independent Trustees reviewed and considered at the Meeting. The Board reviewed and considered all of the factors it deemed relevant in approving the continuance of each Management Agreement, including, but not limited to: (i) the nature, extent and quality of the services provided by each Manager; (ii) the investment performance of each Fund; (iii) the costs of the services provided and profits realized by each Manager and its affiliates from the relationship with each Fund; (iv) the extent to which economies of scale are realized as each Fund grows; and (v) whether fee levels reflect these economies of scale for the benefit of Fund investors.

In approving the continuance of each Management Agreement, the Board, including a majority of the Independent Trustees, determined that the terms of each Management Agreement are fair and reasonable and that the continuance of such Management Agreement is in the best interests of the applicable Fund and its shareholders. While attention was given to all information furnished, the following discusses some primary factors relevant to the Board's determination.

Nature, Extent and Quality of Services

The Board reviewed and considered information regarding the nature, extent and quality of investment management services provided by each Manager and its affiliates to the Funds and their shareholders. This information included, among other things, the qualifications, background and experience of the senior management and investment personnel of each Manager; as well as information on succession planning where appropriate; the structure of investment personnel compensation; oversight of third-party service providers; investment performance reports and related financial information for each Fund; reports on expenses and shareholder services; legal and compliance matters; risk controls; pricing and other services provided by each Manager and its affiliates; and management fees charged by each Manager and its affiliates to US funds and other accounts, including management's explanation of differences among accounts where relevant. The Board also reviewed and considered an annual report on payments made by Franklin Templeton (FT) or the Funds to financial intermediaries, as well as a memorandum relating to third-party servicing arrangements, which included discussion of the changing distribution landscape for the Funds. The Board acknowledged the ongoing integration of the Legg Mason family of funds into the FT family of funds and developing strategies to address areas of heightened concern in the mutual fund industry, including various regulatory initiatives and recent geopolitical concerns.

The Board also reviewed and considered the benefits provided to Fund shareholders of investing in a fund that is part of the FT family of funds. The Board noted the financial position of Franklin Resources, Inc. (FRI), the Managers' parent, and its commitment to the mutual fund business as evidenced by its reassessment of the fund offerings in response to the market environment and project initiatives and capital investments relating to the services provided to the Funds by the FT organization. The Board specifically noted FT's commitment to being a global leader in stewardship and sustainability and the recent addition of a senior executive focused on environmental, social and governance and climate control initiatives.

Following consideration of such information, the Board was satisfied with the nature, extent and quality of services provided by each Manager and its affiliates to the Funds and their shareholders.

Fund Performance

The Board reviewed and considered the performance results of each Fund over various time periods ended January 31, 2022. The Board considered the performance returns for each Fund in comparison to the performance returns of mutual funds deemed comparable to the Fund included in a universe (Performance Universe) selected by Broadridge Financial Solutions, Inc. (Broadridge), an independent provider of investment company data. The Board received a description of the methodology used by Broadridge to select the mutual funds included in a Performance Universe. The Board also reviewed and considered Fund performance reports provided and discussions that occurred with portfolio managers at Board meetings throughout the year. A summary of each Fund's performance results is below.

Franklin Allocation VIP Fund - The Performance Universe for the Fund included the Fund and all mixed-asset target allocation growth funds underlying variable insurance products (VIPs). The Board noted that the Fund's annualized income return for the one-, three-, five- and 10-year periods was above the median of its Performance Universe. The Board also noted that the Fund's annualized total return for the one-, three-, five- and 10-year periods was below the median of its Performance Universe. The Board discussed the Fund's performance with management and management explained that the Fund maintains a strategic equity asset allocation that is on the lower end of its peers that comprise the Performance Universe, which has negatively impacted the Fund's relative returns in a risk-on market environment in recent years. Management reminded the Board that, effective May 1, 2019, the Fund was repositioned to a direct investment fund with an actively managed allocation strategy which is not reflected in the Fund's longer-term performance.

Management then discussed with the Board the actions that are being taken in an effort to address the sources of the Fund's underperformance, including enhancements made to the Fund's investment strategies. The Board concluded that the Fund's Management Agreement should be continued for an additional one-year period, and management's efforts should continue to be closely monitored.

Franklin Income VIP Fund - The Performance Universe for the Fund included the Fund and all flexible portfolio funds underlying VIPs. The Board noted that the Fund's annualized income return for the one-, three-, five- and 10-year periods was above the median of its Performance Universe. The Board also noted that the Fund's annualized total return for the one- and 10-year periods was above the median of its Performance Universe, but for the three- and five-year periods was below the median of its Performance Universe. The Board considered the income-related attributes of the Fund (such as a fund's investment objective and/or investment strategy) and that the evaluation of the Fund's performance relative to its peers on an income return basis was appropriate given the Fund's income-related attributes and investor expectations. The Board concluded that the Fund's performance was satisfactory.

Franklin Strategic Income VIP Fund and Franklin U.S. Government Securities VIP Fund - The Performance Universe for the Franklin Strategic Income VIP Fund included the Fund and all multi-sector income funds underlying VIPs. The Performance Universe for the Franklin U.S. Government Securities VIP Fund included the Fund and all intermediate US government funds underlying VIPs. The Board noted that each Fund's annualized income return for the one-, three-, five- and 10-year periods was above the median of its respective Performance Universe. The Board also noted that each Fund's annualized total return for the three-, five- and 10-year periods was below the median of its respective Performance Universe, but for the one-year period was above the median of the Fund's respective Performance Universe. The Board further noted the Franklin U.S. Government Securities VIP Fund's conservative policy of investing substantially all of its assets in Ginnie Mae obligations. The Board considered the income-related attributes of each Fund (such as a fund's investment objective and/or investment strategy) and that the evaluation of the Fund's performance relative to its peers on an income return basis was appropriate given the Fund's income-related attributes and investor expectations. The Board concluded that each Fund's performance was satisfactory.

Templeton Global Bond VIP Fund - The Performance Universe for the Fund included the Fund and all global income funds underlying VIPs. The Board noted that the Fund's annualized income return for the three-, five- and 10-year periods was above the median of its Performance Universe, but for the one-year period was below the median of its Performance Universe. The Board also noted that the Fund's annualized total return for the three-, five-, and 10-year periods was below the median of its Performance Universe, but for the one-year period was equal to the median of its Performance Universe. The Board discussed this performance with management and management explained that the Fund's relative underperformance in comparison to its Performance Universe over the three- and five-year reporting periods was largely due to the Fund's performance in 2019 and 2020. Management further explained that the underperformance was driven by the Fund's defensive positioning amid the pandemic, which restrained the Fund's participation in the risk asset rallies in the second half of 2020. Management also explained that the Fund's long exposure to emerging market local currency assets and short exposure to US Treasury duration during the three- and five-year reporting periods detracted from the Fund's relative performance versus the Performance Universe. Management further explained that after vaccines were approved toward the end of 2020 management significantly repositioned the Fund's strategies back towards risk allocations and expanded on that risk positioning throughout 2021, emphasizing specific currencies against the US dollar and the euro, as well as local currency bonds in a select set of emerging markets. Management further explained the steps the portfolio management team is taking in an effort to improve the Fund's peer rankings across all reporting periods and reduce the impact of the Fund's relative underperformance in 2019 and 2020. The Board noted management's continued confidence in the Fund's portfolio management team, commitment to an enhanced investment process for the benefit of Fund shareholders and commitment to have ongoing conversations with the Board regarding management's strategies for addressing the performance of the global macro funds as a whole. Based on the foregoing, the Board concluded that the Fund's Management Agreement should be continued for an additional one-year period, and that management's efforts and the recent improved performance of the Fund should continue to be closely monitored.

Franklin Growth and Income VIP Fund - The Performance Universe for the Fund included the Fund and all equity income funds underlying VIPs. The Board noted that the Fund's annualized income return and annualized total return for the one-, three-, five- and 10-year periods were above the medians of its Performance Universe. The Board concluded that the Fund's performance was satisfactory.

Franklin DynaTech VIP Fund, Franklin Mutual Shares VIP Fund, Templeton Foreign VIP Fund and Templeton Growth VIP Fund - The Performance Universe for the Franklin DynaTech VIP Fund included the Fund and all large-cap growth funds underlying VIPs. The Performance Universe for the Franklin Mutual Shares VIP Fund included the Fund and all multi-cap value funds underlying VIPs. The Performance Universe for the Templeton Foreign VIP Fund included the Fund and all international multi-cap value funds underlying VIPs. The Performance Universe for the Templeton Growth VIP Fund included the Fund and all global multi-cap value funds underlying VIPs. The Board noted that each Fund's annualized total return for the one-, three-, five and 10-year periods was below the median of its respective Performance Universe. The Board further noted that, effective May 1, 2021, the Franklin DynaTech VIP Fund changed its name, investment strategy, and primary benchmark to align with the Franklin DynaTech Fund and that it would need more time to assess the implication of these changes on Fund performance.

The Board also noted management's explanation that the Franklin Mutual Shares VIP Fund's underperformance in 2017 was material and continues to adversely impact the Fund's ranking over longer-term periods. Management reminded the Board of the primary factors that impacted the 2017 performance, including, among factors, exposure to non-US equities and stock selection. Management explained that the Fund has a more value oriented tilt and underweight position in US securities as compared to its Performance Universe, both of which detracted from the Fund's relative performance during a period of historic and sustained outperformance of growth over value. Management further explained that key detractors from the Fund's three-year performance included the Fund's stock selection in the financials and industrials sectors and the Fund's underweight position in the industrials sector. Management reviewed with the Board ongoing enhancements to the Fund's investment team and processes in an effort to improve performance.

The Board discussed Templeton Foreign VIP Fund's performance with management and management explained the Fund's relative performance over the reporting periods was negatively impacted by the Fund's overweight positions in cash and the information technology and energy sectors,

and underweight positions in the financials, consumer staples and communication services sectors as compared to the Performance Universe. Management then noted that the Fund outperformed its benchmark, the MSCI All Country World ex-US Index-NR, for the one-year period, more than doubling the gains of the index. Management discussed with the Board the actions that are being taken in an effort to improve the performance of the Fund and the global equity funds as a whole. Management specifically highlighted the strategic initiatives being undertaken in the Templeton Global Equity Group, including enhancements to the leadership of the group and the commitment of additional resources important to delivering sustainable returns.

The Board discussed Templeton Growth VIP Fund's performance with management and management explained that the Fund's relative performance over the reporting periods was negatively impacted by the Fund's overweight positions in cash and the consumer discretionary sector and underweight position in the financials sector as compared to the Performance Universe. Management also explained that the Fund's one-year relative underperformance was primarily attributable to stock-specific weakness and underweight allocations in the US market and the information technology sector. Management then discussed with the Board the actions that are being taken in an effort to improve the performance of the Fund and the global equity funds as a whole. Management specifically highlighted the strategic initiatives being undertaken in the Templeton Global Equity Group, including enhancements to the leadership of the group and the commitment of additional resources important to delivering sustainable returns.

The Board concluded that the Funds' Management Agreements should be continued for an additional one-year period, and management's efforts should continue to be closely monitored.

Franklin Global Real Estate VIP Fund - The Performance Universe for the Fund included the Fund and all global real estate funds underlying VIPs. The Board noted that the Fund's annualized total return for the one- and 10-year periods was above the median of its Performance Universe, but for the three- and five-year periods was below the median of its Performance Universe. The Board further noted that, while below the median, the Fund's three- and five-year annualized total returns were 7.98% and 7.55%, respectively. The Board concluded that the Fund's performance was satisfactory.

Franklin Large Cap Growth VIP Fund - The Performance Universe for the Franklin Large Cap Growth VIP Fund included the Fund and all multi-cap growth funds underlying VIPs. The Board noted that the Fund's annualized total return for the one-, three- and five-year periods was above the median of its Performance Universe, but for the 10-year period was below the median of its Performance Universe. The Board concluded that the Fund's performance was satisfactory.

Templeton Developing Markets VIP Fund and Franklin Small Cap Value VIP Fund - The Performance Universe for the Templeton Developing Markets VIP Fund included the Fund and all emerging markets funds underlying VIPs. The Performance Universe for the Franklin Small Cap Value VIP Fund included the Fund and all small-cap value funds underlying VIPs. The Board noted that each Fund's annualized total return for the three-, five and 10-year periods was above the median of its respective Performance Universe, but for the one-year period was below the median of its respective Performance Universe (noting the one-year annualized total return for the Franklin Small Cap Value VIP Fund exceeded 20%). The Board concluded that each Fund's performance was satisfactory.

Franklin Mutual Global Discovery VIP Fund - The Performance Universe for the Fund included the Fund and all global multi-cap value funds underlying VIPs. The Board noted that the Fund's annualized total return for the one-, three- and 10-year periods was above the median of its Performance Universe, but for the five-year period was below the median of its Performance Universe. The Board concluded that the Fund's performance was satisfactory.

Franklin Rising Dividends VIP Fund - The Performance Universe for the Fund included the Fund and all large-cap core funds underlying VIPs. The Board noted that the Fund's annualized total return for the one- and three-year periods was above the median of its Performance Universe, but for the five- and 10-year periods was below the median of its Performance Universe. The Board further noted that, while below the median, the Fund's five- and 10-year annualized total returns were 15.42% and 13.68%, respectively. The Board concluded that the Fund's performance was satisfactory.

Franklin VolSmart Allocation VIP Fund - The Performance Universe for the Fund included the Fund and all flexible portfolio funds underlying VIPs. The Board noted that the Fund incepted on April 1, 2013 and has been in operation for less than 10 years. The Board further noted that its annualized total return for the one-, three- and five-year periods was above the median and in the first quintile (best)

of its Performance Universe. The Board also noted that its annualized income return for the one- and three-year periods was above the median of its Performance Universe, but for the five-year period was below the median of its Performance Universe. The Board concluded that the Fund's performance was satisfactory.

Franklin Small-Mid Cap Growth VIP Fund - The Performance Universe for the Fund included the Fund and all mid-cap growth funds underlying VIPs. The Board noted that the Fund's annualized total return for the one- and 10-year periods was below the median of its Performance Universe, but for the three- and five-year periods was above the median of its Performance Universe and exceeded 16.35%. The Board concluded that the Fund's performance was acceptable.

Comparative Fees and Expenses

The Board reviewed and considered information regarding each Fund's actual total expense ratio and its various components, including, as applicable, management fees; transfer agent expenses; underlying fund expenses; Rule 12b-1 and non-Rule 12b-1 service fees; and other non-management fees. The Board also noted the quarterly and annual reports it receives on all marketing support payments made by FT to financial intermediaries. The Board considered the actual total expense ratio and, separately, the contractual management fee rate, without the effect of fee waivers, if any (Management Rate) of each Fund in comparison to the median expense ratio and median Management Rate, respectively, of other mutual funds deemed comparable to and with a similar expense structure to the Fund selected by Broadridge (Expense Group). Broadridge fee and expense data is based upon information taken from each fund's most recent annual or semi-annual report, which reflects historical asset levels that may be quite different from those currently existing, particularly in a period of market volatility. While recognizing such inherent limitation and the fact that expense ratios and Management Rates generally increase as assets decline and decrease as assets grow, the Board believed the independent analysis conducted by Broadridge to be an appropriate measure of comparative fees and expenses. The Broadridge Management Rate includes administrative charges. The Board received a description of the methodology used by Broadridge to select the mutual funds included in an Expense Group.

Franklin Allocation VIP Fund, Franklin Growth and Income VIP Fund, Franklin Income VIP Fund, Franklin Small Cap Value VIP Fund, Templeton Global Bond VIP Fund, Franklin DynaTech VIP Fund, Franklin Rising Dividends VIP Fund and Franklin Small-Mid Cap Growth VIP Fund - The

Expense Group for the Franklin Allocation VIP Fund included the Fund and 10 other mixed-asset target allocation growth funds underlying VIPs. The Expense Group for the Franklin Growth and Income VIP Fund included the Fund and 11 other equity income funds underlying VIPs. The Expense Group for the Franklin Income VIP Fund included the Fund and 11 other flexible portfolio funds underlying VIPs. The Expense Group for the Franklin Small Cap Value VIP Fund included the Fund and eight other small-cap value funds underlying VIPs. The Expense Group for the Templeton Global Bond VIP Fund included the Fund and 10 other global income funds underlying VIPs. The Expense Group for the Franklin DynaTech VIP Fund included the Fund and 12 other large-cap growth funds underlying VIPs. The Expense Group for the Franklin Rising Dividends VIP Fund included the Fund and 11 other large-cap core funds underlying VIPs. The Expense Group for the Franklin Small-Mid Cap Growth VIP Fund included the Fund and 11 other mid-cap growth funds underlying VIPs. The Board noted that the Management Rate and actual total expense ratio for each Fund were below the medians of its respective Expense Group. The Board also noted that the Franklin Allocation VIP Fund, Franklin DynaTech VIP Fund and Franklin Growth and Income VIP Fund's actual total expense ratio reflected a fee waiver from management. The Board further noted that the Franklin Allocation VIP Fund's sub-advisers are paid by FAV out of the management fee FAV receives from the Fund and that the allocation of the fee between FAV and each sub-adviser reflected the services provided by each to the Fund. After consideration of the above, the Board concluded that the Management Rate charged to each Fund and the sub-advisory fee paid to each sub-adviser of the Franklin Allocation VIP Fund are reasonable.

Franklin U.S. Government Securities VIP Fund - The Expense Group for the Fund included the Fund, three other intermediate US government funds underlying VIPs and 11 inflation-protected bond funds underlying VIPs. The Board noted that the Management Rate for the Fund was below the median of its Expense Group, and the actual total expense ratio for the Fund was slightly above the median of its Expense Group. The Board concluded that the Management Rate charged to the Fund is reasonable.

Franklin Global Real Estate VIP Fund, Franklin Mutual Global Discovery VIP Fund, Franklin Mutual Shares VIP Fund, Templeton Developing Markets VIP Fund, Templeton Growth VIP Fund, Templeton Foreign VIP Fund, Franklin Large Cap Growth VIP Fund, Franklin VolSmart Allocation VIP Fund and Franklin Strategic Income VIP Fund - The Expense Group for the Franklin Global Real Estate VIP Fund included the Fund and seven other global real estate

funds underlying VIPs. The Expense Group for the Franklin Mutual Global Discovery VIP Fund included the Fund, one other global multi-cap value fund underlying VIPs, two global multi-cap core funds underlying VIPs, and two global multi-cap growth funds underlying VIPs. The Expense Group for the Franklin Mutual Shares VIP Fund included the Fund and 12 other multi-cap value funds underlying VIPs. The Expense Group for the Templeton Developing Markets VIP Fund included the Fund and 13 other emerging markets funds underlying VIPs. The Expense Group for the Templeton Growth VIP Fund included the Fund, one other global multi-cap value fund underlying VIPs, two global multi-cap core funds underlying VIPs, and two global multi-cap growth funds underlying VIPs. The Expense Group for the Templeton Foreign VIP Fund included the Fund, nine other international multi-cap value funds underlying VIPs and four international large-cap value funds underlying VIPs. The Expense Group for the Franklin Large Cap Growth VIP Fund included the Fund and 11 other multi-cap growth funds underlying VIPs. The Expense Group for the Franklin VolSmart Allocation VIP Fund included the Fund, three other flexible portfolio funds underlying VIPs, and three mixed-asset target allocation growth fund underlying VIPs. The Expense Group for the Franklin Strategic Income VIP Fund included the Fund and nine other multi-sector income funds underlying VIPs. The Board noted that the Management Rate and actual total expense ratio for each Fund were above the median of its respective Expense Group.

With respect to the Franklin Mutual Global Discovery VIP Fund, the Board noted management's explanation that the portfolio management team makes investments in the debt and equity of distressed companies and merger arbitrage securities that are specialized in nature and therefore require additional expertise and resources, whereas the Fund's Expense Group generally does not make such investments. With respect to the Franklin Large Cap Growth VIP Fund, Franklin Mutual Shares VIP Fund, Franklin Strategic Income VIP Fund and Templeton Developing Markets VIP Fund, the Board noted that each Fund's Management Rate and actual total expense ratio were less than 5 basis points above the respective median of the Fund's Expense Group. With respect to each of the Templeton Foreign VIP Fund and the Templeton Growth VIP Fund, the Board noted management's explanation that the Expense Group for each Fund is not directly comparable to the Fund because funds that comprise the Expense Group have a higher allocation to domestic equity than the Fund. Management further explained that when each Fund is compared to a subset of its Expense Group that has a smaller allocation to domestic equity similar to the Fund, the Fund's actual total expense ratio is more aligned with peers. The Board

discussed with management the expenses of both of these Funds and management agreed to implement a reduction in the Management Rate for the Templeton Foreign VIP Fund and implement an expense cap on the Templeton Growth VIP Fund's actual total expense ratio of 0.87%, effective May 1, 2022. The Board also noted that the Franklin VolSmart Allocation VIP Fund's actual total expense ratio reflected a fee waiver from management. The Board further noted that the Templeton Developing Markets VIP Fund's sub-adviser is paid by TAML out of the management fee TAML receives from the Fund and that the allocation of the fee between TAML and the sub-adviser reflected the services provided by each to the Fund. After consideration of the above, the Board concluded that the Management Rate charged to each Fund and the sub-advisory fee paid to the Templeton Developing Markets VIP Fund's sub-adviser are reasonable.

Profitability

The Board reviewed and considered information regarding the profits realized by each Manager and its affiliates in connection with the operation of each Fund. In this respect, the Board considered the Fund profitability analysis that addresses the overall profitability of FT's US fund business, as well as its profits in providing investment management and other services to each of the individual funds during the 12-month period ended September 30, 2021, being the most recent fiscal year-end for FRI. The Board noted that although management continually makes refinements to its methodologies used in calculating profitability in response to organizational and product-related changes, the overall methodology has remained consistent with that used in the Funds' profitability report presentations from prior years. The Board also noted that PricewaterhouseCoopers LLP, auditor to FRI and certain FT funds, has been engaged to periodically review and assess the allocation methodologies to be used solely by the Funds' Board with respect to the profitability analysis.

The Board noted management's belief that costs incurred in establishing the infrastructure necessary for the type of mutual fund operations conducted by each Manager and its affiliates may not be fully reflected in the expenses allocated to each Fund in determining its profitability, as well as the fact that the level of profits, to a certain extent, reflected operational cost savings and efficiencies initiated by management. As part of this evaluation, the Board considered management's outsourcing of certain operations, which effort has required considerable up-front expenditures by the Managers but, over the long run is expected to result in greater efficiencies. The Board also noted management's expenditures in improving shareholder services provided to

the Funds, as well as the need to implement systems and meet additional regulatory and compliance requirements resulting from recent US Securities and Exchange Commission and other regulatory requirements.

The Board also considered the extent to which each Manager and its affiliates might derive ancillary benefits from fund operations, including revenues generated from transfer agent services, potential benefits resulting from personnel and systems enhancements necessitated by fund growth, as well as increased leverage with service providers and counterparties. Based upon its consideration of all these factors, the Board concluded that the level of profits realized by each Manager and its affiliates from providing services to each Fund was not excessive in view of the nature, extent and quality of services provided to each Fund.

Economies of Scale

The Board reviewed and considered the extent to which each Manager may realize economies of scale, if any, as each Fund grows larger and whether each Fund's management fee structure reflects any economies of scale for the benefit of shareholders. With respect to possible economies of scale, the Board noted the existence of management fee breakpoints for each Fund (except for the Franklin Allocation VIP Fund and the Franklin VolSmart Allocation VIP Fund), which operate generally to share any economies of scale with a Fund's shareholders by reducing the Fund's effective management fees as the Fund grows in size. The Board considered management's view that any analyses of potential economies of scale in managing a particular fund are inherently limited in light of the joint and common costs and investments each Manager incurs across the FT family of funds as a whole. The Board concluded that to the extent economies of scale may be realized by each Manager and its affiliates, each Fund's management fee structure (except for the Franklin Allocation VIP Fund and the Franklin VolSmart Allocation VIP Fund) provided a sharing of benefits with the Fund and its shareholders as the Fund grows. The Board recognized that there would not likely be any economies of scale for the Franklin DynaTech VIP Fund, Franklin Global Real Estate VIP Fund, Franklin Growth and Income VIP Fund, Franklin Large Cap Growth VIP Fund and Franklin VolSmart Allocation VIP Fund until each Fund's assets grow. The Board also recognized that given the decline in assets over the past three calendar years for each of the Franklin Income VIP Fund, Franklin Mutual Shares VIP Fund, Franklin Strategic Income VIP Fund, Franklin U.S. Government Securities VIP Fund, Templeton Global Bond VIP Fund and Templeton Growth VIP Fund, these Funds are not expected to experience additional economies of scale in the foreseeable future. The Board concluded that

to the extent economies of scale may be realized by each Manager and its affiliates, each Fund's management fee structure provided a sharing of benefits with the Fund and its shareholders as the Fund grows.

Conclusion

Based on its review, consideration and evaluation of all factors it believed relevant, including the above-described factors and conclusions, the Board unanimously approved the continuation of each Management Agreement for an additional one-year period.

Liquidity Risk Management Program

Each Fund has adopted and implemented a written Liquidity Risk Management Program (the "LRMP") as required by Rule 22e-4 under the Investment Company Act of 1940 (the "Liquidity Rule"). The LRMP is designed to assess and manage each Fund's liquidity risk, which is defined as the risk that the Fund could not meet requests to redeem shares issued by the Fund without significant dilution of remaining investors' interests in the Fund. In accordance with the Liquidity Rule, the LRMP includes policies and procedures that provide for: (1) assessment, management, and review (no less frequently than annually) of each Fund's liquidity risk; (2) classification of each Fund's portfolio holdings into one of four liquidity categories (Highly Liquid, Moderately Liquid, Less Liquid, and Illiquid); (3) for Funds that do not primarily hold assets that are Highly Liquid, establishing and maintaining a minimum percentage of the Fund's net assets in Highly Liquid investments (called a "Highly Liquid Investment Minimum" or "HLIM"); and (4) prohibiting the Fund's acquisition of Illiquid investments that would result in the Fund holding more than 15% of its net assets in Illiquid assets. The LRMP also requires reporting to the Securities and Exchange Commission ("SEC") (on a non-public basis) and to the Board if the Fund's holdings of Illiquid assets exceed 15% of the Fund's net assets. Funds with HLIMs must have procedures for addressing HLIM shortfalls, including reporting to the Board and, with respect to HLIM shortfalls lasting more than seven consecutive calendar days, reporting to the SEC (on a non-public basis).

The Director of Liquidity Risk within the Investment Risk Management Group (the "IRMG") is the appointed Administrator of the LRMP. The IRMG maintains the Investment Liquidity Committee (the "ILC") to provide oversight and administration of policies and procedures governing liquidity risk management for Franklin Templeton and Legg Mason products and portfolios. The ILC includes representatives from Franklin Templeton's Risk, Trading, Global Compliance, Legal, Investment Compliance,

Investment Operations, Valuation Committee, Product Management and Global Product Strategy.

In assessing and managing each Fund's liquidity risk, the ILC considers, as relevant, a variety of factors, including the Fund's investment strategy and the liquidity of its portfolio investments during both normal and reasonably foreseeable stressed conditions; its short and long-term cash flow projections; and its cash holdings and access to other funding sources including the Funds' interfund lending facility and line of credit. Classification of the Fund's portfolio holdings in the four liquidity categories is based on the number of days it is reasonably expected to take to convert the investment to cash (for Highly Liquid and Moderately Liquid holdings) or sell or dispose of the investment (for Less Liquid and Illiquid investments), in current market conditions without significantly changing the investment's market value.

Each Fund primarily holds liquid assets that are defined under the Liquidity Rule as "Highly Liquid Investments," and therefore is not required to establish an HLIM. Highly Liquid Investments are defined as cash and any investment reasonably expected to be convertible to cash in current market conditions in three business days or less without the conversion to cash significantly changing the market value of the investment.

At meetings of the Funds' Board of Trustees held in May 2022, the Program Administrator provided a written report to the Board addressing the adequacy and effectiveness of the program for the year ended December 31, 2021. The Program Administrator report concluded that (i.) the LRMP, as adopted and implemented, remains reasonably designed to assess and manage each Fund's liquidity risk; (ii.) the LRMP, including the Highly Liquid Investment Minimum ("HLIM") where applicable, was implemented and operated effectively to achieve the goal of assessing and managing each Fund's liquidity risk; and (iii.) each Fund was able to meet requests for redemption without significant dilution of remaining investors' interests in the Fund.

Proxy Voting Policies and Procedures

The Trust's investment manager has established Proxy Voting Policies and Procedures (Policies) that the Trust uses to determine how to vote proxies relating to portfolio securities. Shareholders may view the Trust's complete Policies online at franklintempleton.com. Alternatively, shareholders may request copies of the Policies free of charge by calling the Proxy Group collect at (954) 527-7678 or by sending a written request to: Franklin Templeton Companies, LLC, 300 S.E. 2nd Street, Fort Lauderdale, FL 33301, Attention: Proxy Group. Copies of the Trust's

proxy voting records are also made available online at franklintempleton.com and posted on the U.S. Securities and Exchange Commission's website at sec.gov and reflect the most recent 12-month period ended June 30.

Quarterly Schedule of Investments

The Trust files a complete schedule of investments with the U.S. Securities and Exchange Commission for the first and third quarters for each fiscal year as an exhibit to its report on Form N-PORT. Shareholders may view the filed Form N-PORT by visiting the Commission's website at sec.gov. The filed form may also be viewed and copied at the Commission's Public Reference Room in Washington, DC. Information regarding the operations of the Public Reference Room may be obtained by calling (800) SEC-0330.

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Franklin Templeton Variable Insurance Products Trust (FTVIP) shares are not offered to the public; they are offered and sold only to: (1) insurance company separate accounts (Separate Account) to serve as the underlying investment vehicle for variable contracts; (2) certain qualified plans; and (3) other mutual funds (funds of funds).

Authorized for distribution to investors in Separate Accounts only when accompanied or preceded by the current prospectus for the applicable contract, which includes the Separate Account and the FTVIP prospectuses. Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. The prospectus contains this and other information; please read it carefully before investing.

To help ensure we provide you with quality service, all calls to and from our service areas are monitored and/or recorded.



**FRANKLIN
TEMPLETON**

**Semiannual Report
Franklin Templeton Variable Insurance Products Trust**

Investment Managers

Franklin Advisers, Inc.
Franklin Mutual Advisers, LLC
Franklin Templeton Institutional, LLC
Templeton Asset Management Ltd.
Templeton Global Advisors Limited
Templeton Investment Counsel, LLC

Fund Administrator

Franklin Templeton Services, LLC

Distributor

Franklin
Distributors, LLC